United Nations E/2017/SR.7

Economic and Social Council

Distr.: General
13 February 2017

Original: English

2017 session
28 July 2016-27 July 2017

Summary record of the 7th meeting
Held at Headquarters, New York, on Friday, 9 December 2016, at 10 a.m.

President: Mr. Shava ..... (Zimbabwe)

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16-21846 (E)

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The meeting was called to order at 10.15 a.m.

Agenda item 18: Economic and environmental questions: (*continued*)

(h) International cooperation in tax matters (*continued*)

Draft decision E/2017/L.10: Dates of the fourteenth session of the Committee of Experts on International Cooperation in Tax Matters and special meeting of the Council on international cooperation in tax matters in 2017

1. **The President** said that the draft decision contained no programme budget implications. He took it that the Council wished to adopt the draft decision.

2. *It was so decided.*

Special meeting on international cooperation in tax matters

Opening remarks by the President of the Economic and Social Council

3. **The President** said that in accordance with the consensus reached by Member States during the Third International Conference on Financing for Development, the special meeting was being held back to back with the thirteenth session of the Committee of Experts on International Cooperation in Tax Matters. The morning session would commence with an update on the work of the Committee and would be followed by three interactive dialogues. They would serve to increase the mutual engagement of the Committee and the Council, thereby bridging the gap between the technical nature of the work of the Committee and the broader policy interests of Governments, in particular national tax authorities and relevant ministries.

4. The first dialogue would focus on tackling international tax evasion and avoidance, specifically in the areas of base erosion and profit shifting, transfer pricing and the exchange of information. It was essential for countries to protect and broaden their tax base and prevent the shifting of profits outside the country, through international tax evasion and avoidance schemes, in order to establish and maintain a sustainable source of revenues. To protect the tax base of developing countries, it was also crucial to promote clear rules on transfer pricing. Additionally, international transparency was pivotal to ensure that tax authorities could efficiently administer tax laws. To that end effective mechanisms for the exchange of tax information among countries had to be enacted to support domestic efforts.

5. The second dialogue would focus on the challenges related to broadening the tax base of developing countries, in particular taxation of services and extractive industries. Services, which played an increasingly important role in global trade, were often difficult to track and correctly value for taxation purposes. Entities in developing countries were often the recipients of services from international sources; however, many countries lacked clear rules for the taxation of cross-border services. Likewise, mining and petroleum-related activities were central to the economy of many developing countries. The key challenge was to ensure that those countries received a fair share of the wealth derived from the exploitation of their resources, while being able to attract investment in those sectors.

6. The third dialogue would focus on instruments for implementation developed and promoted by the Committee. The *Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries* was an invaluable practical instrument to support developing countries in their negotiations.

7. Several years earlier, the Financing for Development Office had begun to implement a programme to strengthen the capacity of developing countries with a view to increasing their potential for domestic revenue mobilization.

8. In each of the three segments, panel presentations would be followed by an interactive dialogue between Council delegations, members of the Committee and other stakeholders. In the afternoon, discussions would focus on strengthening tax capacity in developing countries. In July 2016, a report had been submitted by the inter-agency Platform for Collaboration on Tax to the Group of 20 Finance Ministers, a joint initiative launched earlier that year by the International Monetary Fund, Organisation for Economic Co-operation and Development, the United Nations and the World Bank Group, to intensify their cooperation on tax issues. Central to that report was a series of recommendations on the key elements of effective tax capacity-building programmes.

9. There were substantial gaps in raising tax revenues between developed and developing countries that would inherently impact the ability of countries to achieve the Sustainable Development Goals. While strong development-oriented tax policies, modernized tax systems and efficient tax collection procedures were essential at the national level, they must be strengthened through international tax cooperation.

Interactive dialogue on Protecting the Tax Base of Developing Countries and Tackling International Tax Evasion and Avoidance

10. **Mr. Ault** (Professor Emeritus, Boston College Law School), moderator, said that the dialogue was aimed at enhancing Council awareness of Committee activities and highlighting the connection between technical tax rules and the broader policy goals of revenue sustainability and capacity development. The three themes for discussion were the protection of tax base, the broadening of the tax base, and the instruments developed by the Committee to enhance the revenue-raising capacity of developing countries.

11. **Mr. Lara Yaffar** (Mexico, Chair, Committee of Experts on International Cooperation in Tax Matters and Coordinator of the Subcommittee on Exchange of Information) said that with the support of the Council, the Committee was finally able to convene meetings biannually, making its work more dynamic, and allowing for more discussion and improved results. The current working methods would ensure that the Committee could properly address the needs of developing countries.

12. The ultimate objective of the Committee, which was open to international organizations, was to obtain the best possible input in order to develop tax policy that would benefit relationships between developed and developing countries. The Committee, understanding that it represented an important resource, listened to and worked with the business sector.

13. The Committee had updated the model United Nations convention between developed and developing countries, and that work was reflected in its attempt to establish clear rules on how cross-border transactions should be taxed. The fundamental challenge was to update the convention so that it reflected and met current needs. Last updated in 2011, the next update would be presented in 2017.

14. In order to take into account the concerns regarding factors generating base erosion, in the update of the model convention the Committee had modified a number of articles, in particular those regarding permanent establishments and the concept of which parties had the right to treaty benefits. It had also amended the treaty to provide for the establishment of mechanisms that avoided abusive or incorrect application of treaties.

15. The second important element of the work of the Committee was the establishment of standards for cooperation between tax authorities with regard to information exchange. The United Nations model assembled the best experiences garnered from other models. The Committee aimed to avoid barriers that allowed anyone to avoid or evade taxation, and exchange of information was crucial in that respect.

16. Another important element was transfer pricing. With heavy multinational enterprise investment in developing countries, such investments should be properly taxed. Transfer pricing mechanisms were often not sufficiently covered by legislation; problems that arose thus could not be properly tackled, which could cause problems with tax administration and lead to significant erosion of the tax base. A transfer pricing study had been conducted, gathering experience that, while outside the model standard, was nevertheless useful and implementable, depending on the needs of specific countries.

17. In a controversial move, the Committee had taken a decision to tax technical services in an attempt to develop tax policies that bolstered and improved tax collection in developing countries. Eventually, implementation of that new step would have to be reviewed, and further measures might prove necessary in future. Currently, though, the initiative represented an important step forward that reflected the desire of the Committee to establish balance between the needs of developed and developing countries, and to properly meet the needs of the latter while better representing their interests.

18. With regard to extractive industries, efforts should be made to find the optimum balance to retain foreign investments while ensuring that the country reaped the benefits of investment. Work had been undertaken with the business sector in order to strike such a balance and recommendations had been issued to render achievement of that goal possible. Two or three criteria could be elaborated by developing countries to develop tax policy and ensure that extractive industries could be more beneficially taxed. Developing countries in particular needed robust capacity-building programmes. The Committee had partnered with donor industries and set a dynamic agenda, allowing various countries to achieve that capacity-building goal. Seminars on the issue, a number of which had been held in various parts of world, were crucial to ensuring that participants could access the necessary technical assistance, thereby allowing them to become involved in international taxation.

19. **Ms. Peters** (New Zealand, Coordinator, Subcommittee on Base Erosion and Profit Shifting Issues for Developing Countries; Policy Manager,

Inland Revenue) said that the ability to tax the profits of foreign investment provided an important part of the tax bases of many developed and developing countries. The terms "base erosion" and "profit shifting" referred to strategies used by multinational enterprises to minimize their exposure to taxation in the countries where they operated. Use of such strategies had come to be recognized as a global problem that affected developed and developing countries alike. International cooperation was required to solve the problem; individual governments could not resolve it unilaterally.

20. One prevalent form of tax avoidance involved investors based in third countries taking advantage of bilateral treaties to which their countries were not party. She gave the example of an investor based in "country T" who held stocks in a company which operated in "country S", with a view to making profits in the form of dividends. In the absence of a bilateral treaty between the two countries, country S would apply a withholding tax of 25 per cent to any dividends paid to investors abroad. In order to avoid the loss of 25 per cent of the profits the investor would arrange, in exchange for a payment, for the dividends to be paid to an entity based in a third country that did have a bilateral agreement with country S stipulating that there was no withholding tax.

21. Through the Addis Ababa Action Agenda, Member States had committed to improving the fairness, transparency, efficiency and effectiveness of tax systems, including by broadening the tax base. They had also agreed to reduce opportunities for tax avoidance, including by inserting anti-abuse clauses in bilateral tax treaties, and to ensure that multinational groups paid taxes to the governments of countries where their economic activity occurred.

22. In the first phase of its recent work, the Subcommittee on Base Erosion and Profit Shifting had opened a dialogue with developing countries regarding their experiences of base erosion and profit shifting. The Subcommittee had created a survey, to which the governments of 20 developing countries had responded. The responses indicated that the most widespread major problems related to two areas: domestic law and bilateral tax treaties.

23. The second phase of the Subcommittee's work had been to develop amendments to the United Nations Model Double Taxation Convention between Developed and Developing Countries with a view to addressing the abuse of bilateral tax treaties. Specifically, it had proposed a new preamble, which would establish that treaties were not to be misused, the addition of new articles to address treaty abuse, changes to existing articles to address specific treaty abuse structures and the expansion of taxing rights for governments of countries in which multinationals operated and generated income.

24. **Mr. Sollund** (Coordinator, Subcommittee on Article 9 (Associated Enterprises): Transfer Pricing; Director-General, Head of International Tax Section, Tax Law Department, Ministry of Finance, Norway) said that although "transfer pricing" tended to have negative connotations, it was inherently a neutral term: it referred to the setting of prices, including terms and conditions, for cross-border transactions between entities that were part of the same multinational group. Trading within multinational groups accounted for a substantial part of all global trade and the parties involved necessarily had to agree on prices. However, intra-group transactions impacted the tax bases of each entity involved and were not necessarily subject to the normal market forces; moreover, there were sometimes additional considerations underlying the decisions reached on prices and contracts within multinational groups. "Transfer mispricing" was used to shift profit from where value was created to countries that had no taxes or very low taxes and was a form of tax avoidance. Therefore, whilst transfer pricing was not inherently a form of tax avoidance, its monitoring for taxation purposes was essential.

25. Transfer pricing played an important role in relation to development. When multinationals operating in developing countries used mispricing to report lower profits than they actually made, they paid less in taxes, thereby reducing the revenue available for financing development. However, in seeking to address mispricing, governments potentially jeopardized foreign direct investment. If one government adjusted the pricing of an intra-group transaction so as to increase the profits made and taxable in that country, the government of the other tax jurisdiction involved needed to make a corresponding reduction in its calculation of taxable profits. If tax authorities failed to coordinate, part of a multinational's profits could be taxed twice. Double taxation discouraged foreign direct investment, which was also damaging for development. Consequently it was in the interest of any government that wanted to encourage foreign investment to seek to prevent double taxation.

26. The "arm's length principle", embodied in article 9 of both the United Nations Model Double Taxation Convention between Developed and Developing Countries and the Organisation for Economic Co-operation and Development (OECD) Model Tax

Convention on Income and on Capital, was the guiding principle for determining transfer prices. According to it, intra-group transactions had to be compared to transactions between unrelated parties under equivalent circumstances; in other words, for tax purposes market conditions were used as a benchmark. Although it appeared to provide a sound basis for policy and was easy to understand in theory, application of the arm's length principle was not straightforward due to the complexity of many transactions and the difficulty in identifying appropriate control transactions between unrelated parties. Particularly in developing countries, it was sometimes hard to find a sufficient number of comparable transactions, and the relevant data on those transactions was less accessible. Moreover, in addition to obtaining the requisite data, developing countries' tax administrations must have the skills and capacity to conduct transfer pricing analyses. Transfer pricing was therefore a major area for capacity-building.

27. In 2012 the United Nations Subcommittee on Article 9 (Associated Enterprises): Transfer Pricing had adopted the *United Nations Practical Manual on Transfer Pricing for Developing Countries* in response to the need expressed by developing countries for clearer guidance on the policy and administrative aspects of applying transfer pricing analysis to cross-border transactions. The *Manual* was a living document. In 2013 the Subcommittee had been re-established and given a twofold mandate: to revise the Commentary on article 9 of the United Nations Model Convention, and to update and enhance the *Manual*. Specifically, the Subcommittee had been working to ensure that the *Manual* reflected the operation and provisions of article 9 of the United Nations Model Convention and relevant commentaries, and that it had a strong focus on the realities and experiences of developing countries, as well as drawing on work being done in other forums.

28. The Subcommittee had also rearranged the *Manual* for the sake of clarity. Part A was an overview chapter which put transfer pricing in context. Part B contained guidance on policy design, Part C dealt with the administrative aspects of implementing transfer pricing regimes and Part D contained specific countries' practices (with sections on China, India, South Africa, Brazil and Mexico). The Subcommittee was also adding new chapters on intra-group services, cost contribution arrangements and intangibles, as well as updating other chapters to incorporate new information — importantly, the results of work done by the Group of 20 and the OECD in their Action Plan on Base Erosion and Profit Shifting, launched in 2013. In the chapter on intra-group services, a coordinated approach was taken to preventing double taxation, with services examined from three perspectives: those of the tax administration authorities, who sought to ensure that a sufficient amount was paid for services received, in accordance with the arm's length principle; the recipient, who wanted to ensure that they did not pay excessive fees and that the services they received were of benefit; and the industry, which wanted to make sure that the costs incurred by multinational enterprises were justified. The chapter on intangibles and intellectual property examined how value was created within multinationals; it contained guidance on how to attribute value to the functions within a multinational that created it and to ensure that revenue did not revert only to those with legal ownership.

29. **Mr. Lara Yaffar** (Coordinator, Subcommittee on Exchange of Information; Chair of the Committee of Experts on International Cooperation in Tax Matters) said that improving tax policies was not enough to secure increased tax revenues. Tax administrations also needed adequate information on compliance with tax obligations, which meant that they must not only have the necessary systems in place, but also benefit from international cooperation.

30. In the Addis Ababa Action Agenda governments had committed to transparency and effective information exchange with a view to combatting tax avoidance and evasion, and had recognized the need for automatic information exchange. The Common Reporting Standard and the United States of America's Foreign Account Tax Compliance Act were the existing mechanisms for automatic information exchange. They provided for the sharing of financial information by financial entities with both the tax authorities of the country where they were based and with the tax authorities of the country where the account holder, trustee or other beneficiary resided, making it possible to ascertain whether beneficiaries with investments abroad were paying sufficient tax in their countries of residence. Since automatic exchange of information on multinationals' transactions was also fundamental, the G20 and the OECD had established, in their Action Plan on Base Erosion and Profit Shifting, a set of data that multinationals should provide in order to enable the tax authorities of the countries where their subsidiaries were located to determine whether their intra-group transactions were being conducted at market rates. It was important to know who the effective beneficiaries of multinationals' profits were.

31. Article 26 of the United Nations Model Convention provided the legal basis for the exchange of information. The mandate of the Subcommittee on Exchange of Information consisted of amending

article 26 and its Commentary, and of monitoring international developments in the area of exchange of information, including meetings of the Global Forum on Transparency and Exchange of Information for Tax Purposes, an international group that determined the standards countries must abide by in order to comply with their information exchange responsibilities.

32. The Subcommittee had been expanding the Commentary on article 26 of the United Nations Model Convention. First, with regard to what information must be shared, it had been working to clarify the meaning of "foreseeably relevant". Second, the scope of international cooperation in information exchange was being expanded to cover requests for information on groups of taxpayers. If, for instance, a tax authority recognized that a group of individuals had invested in a single product, that could form the basis for an international exchange of information even if the individuals' identities were unknown, whereas in the past it had been necessary to know the names or addresses of the account holders concerned. Third, because complying with requests for information generated administrative work, tax authorities should not send such requests without sufficient evidence of tax avoidance or evasion. The Subcommittee had therefore added guidance concerning unsubstantiated requests, or "fishing expeditions". Lastly, if tax information was provided years after it was requested, it was of little use, so the Subcommittee had expanded the Commentary to clarify that information must be made available in a timely fashion.

33. The Subcommittee had also been developing a Code of Conduct on Cooperation in Combating International Tax Evasion. The Code was designed to promote adherence to the highest standards in the area of information exchange, including automatic information exchange, the most effective means of verifying compliance with tax obligations. The automatic exchange of information presented significant challenges for developing countries: tax administrations must be able not only to receive information, but to manage it, maintain it encrypted, transmit it securely and use it effectively. That required internal regulations as well as technological capacity; therefore the Code also made clear the imperative to train developing countries' tax authorities on the automatic exchange of information.

34. In the Code, the Subcommittee endorsed the Common Reporting Standard and encouraged all countries that had not already done so to become parties to the multilateral Convention on Mutual Administrative Assistance in Tax Matters. It also recognized the need for multi-stakeholder cooperation in order to help developing countries identify and address their needs for capacity building and technical assistance in the area of automatic exchange of information.

Interactive dialogue

35. **Mr. Castillero** (Advisor to the Office of the Vice-President for issues related to the platform of international services of the Republic of Panama) said that Latin American countries' achievement of their sustainable development goals would be contingent on a coordinated approach to international tax cooperation, which would involve fighting tax evasion and corruption as well as ensuring that State money was used efficiently. His Government was committed to the exchange of information and had acted to bring Panamanian legislation into line with the new methodology called for by the international community. For instance, it had recently become a party to the Convention on Mutual Administrative Assistance in Tax Matters and adopted national legislation to facilitate the automatic exchange of information in accordance with the Common Reporting Standard and the Foreign Account Tax Compliance Act, in addition to negotiating automatic information exchange agreements with some countries.

36. However, the exchange of information entailed various challenges for middle income countries like Panama. First, they needed to build human capacity: in the upcoming months, they would need to identify and train personnel, who must be specialized and trustworthy, to manage information exchange, including automatic information exchange. Second, all countries must ensure that information exchanged would not be misused in violation of its owners' most fundamental rights. Panama was geographically situated amidst countries lacking full legal stability, and where political risks, economic instability and even threats to citizens' personal safety persisted. Finding the right balance between individuals' legitimate right to privacy and the transparent exchange of tax information was a very sensitive matter in Latin America and in other large areas of the world. Lastly, adequate transition periods were necessary to ensure that middle income countries could adapt to the new world realities without generating internal crises, and they must not be required to take measures that they could not afford. The key to sustainable development lay in finding good responses to those challenges.

37. **Ms. Rubagumya** (Uganda) said that tackling tax evasion was vital to her Government. The revenue administration had put in place measures to that end,

including by putting emphasis on economic activity. Equipped with a robust domestic legal regime, Uganda imposed taxes on all entities involved in economic activity inside the country regardless of where the entity was based. In response to the challenge posed by treaty shopping, her country was examining how to amend legislation to tighten provisions on limitation of benefits and promote beneficial ownership. It was also taking steps to renegotiate double taxation agreements to prevent entities not entitled to take advantage of Ugandan tax provisions from doing so.

38. Her Government had introduced regulations on transfer pricing in 2011 and established an international taxation unit that provided training to build national capacities in that area. The issue of comparables remained a major challenge. She therefore called on the United Nations to assist countries with obtaining information on comparables.

39. As a member of the Global Forum, Uganda was able to share information with a wide range of countries. Moreover, the African Tax Administration Forum facilitated the automatic exchange of information. In order to protect domestic tax bases, efforts should be made to ensure that domestic legal regimes and international tax treaties did not conflict.

40. **Mr. Bolado** (Observer for Mexico) said that royalties, which were particularly vulnerable to base erosion, were a subject of particular importance in the mandate of the Committee of Experts on International Cooperation in Tax Matters. The Committee had proposed an alternative that would lead to more equitable revenue distribution. Under that scheme, payments for the rental of industrial, commercial or scientific equipment in the context of contracts for satellite providers would be considered royalties instead of payment for services. Even if they were also considered payment for services, a permanent establishment would be required in order to allow the source country to collect those taxes.

41. In one scenario, possession of the equipment would constitute a criterion for rental of industrial, commercial or scientific equipment. Under the other alternative, which the Subcommittee was developing, possession of the equipment would not be a strict requirement for undertaking business activity or exploitation, or for the operation to be considered a rental of industrial, commercial or scientific equipment, as what was being rented was the equipment's capacity to retransmit signals, voices or data. In closing, he wondered why the rules on possession of tangible objects were applied to intangible objects, such as the radiofrequency spectrum, which were impossible to possess. In the final analysis, exploitation of the capacity amounted to exploitation of the good itself.

42. **Mr. Obell** (Observer for Kenya) said that the question of protecting the tax base and tackling tax evasion and avoidance was a vital one, particularly with regard to domestic mobilization of revenue from activity that took place in the country concerned. Once aware that such revenue was coming in, Governments were enabled to spend it in a more prudent way and thus be accountable to the taxpayers.

43. Multinational companies in Kenya did a large amount of business, heading such key sectors as extractives, information and telecommunications technology, large-scale agriculture, commercial banking, construction and engineering. In 2006 his Government had become aware of mispricing of goods and services in sales, a phenomenon that was undermining the tax base in Kenya. In addition, companies were manipulating permanent establishment by doing business in Kenya but reporting profits elsewhere, directly affecting the tax base. Lastly, companies had begun to take part in treaty shopping, which involved moving to countries with which Kenya had concluded double taxation agreements in order to enjoy the low tax rights that applied under such agreements.

44. In response, his Government had introduced transfer pricing legislation in 2006 and put in place a dedicated team of professionals trained in transfer pricing issues. Furthermore, Kenya had been working closely with the Global Forum on Transparency and Exchange of Information for Tax Purposes and had become party to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. A team had been created and received continuous training in information exchange in order to assist with tax base protection efforts.

45. The measures adopted by his Government had been fairly successful. Revenue had increased as a result of tax collection from multinational companies, and voluntary compliance was increasing in those areas, with significant transfer pricing adjustments being made. While challenges persisted — including in the critical areas of local comparative data and information exchange, which was not yet automatic — Kenya was collaborating with international organizations in order to build its capacity. It had also recently signed a collaborative agreement with Botswana to provide tax audit support and would continue to pursue South-South collaboration in that area.

46. **Mr. Campuzano** (Observer for Ecuador) said that Ecuador had established its transfer pricing regime in 2007 and promptly realized the extent of the knowledge gap between local auditors and multinationals, which had been dealing with the topic for many years by that point. It took a great effort for the tax administration to become versed in those topics. By 2009, the progress made had been considerable, and between 2011 and 2013, Ecuador had been a guest member of the Subcommittee on Article 9 (Associated Enterprises): Transfer Pricing at the United Nations. That experience had greatly benefited Ecuador, which had used the information gleaned in its audits.

47. As a developing country, Ecuador had several relevant commodities cases and had applied the methodology it had learned in the case of bananas to other commodities. It had continued to advance in other sectors and had been invited by the United Nations to participate in designing the first training courses on transfer pricing between 2014 and 2015. Ecuador had also been among the first countries to participate in the United Nations Capacity Development Programme on International Tax Cooperation, some 300 auditors receiving direct or indirect training. As a result, approximately 110 audits had been conducted at the national level, resulting in $800 million in transfer pricing adjustments.

48. **Mr. Sollund** (Coordinator, Subcommittee on Article 9 (Associated Enterprises): Transfer Pricing; Director-General, Head of International Tax Section, Tax Law Department, Ministry of Finance, Norway) said that many important points had been raised during the discussion on transfer pricing, including the importance of having domestic law, the organization of specialized units in tax administration to which capacity building could be targeted and the problem of local market data on comparables. In the next update of the *Practical Manual on Transfer Pricing*, a subsection would cover the so-called sixth method on commodity pricing, reflecting the current practice and legislation in a number of Latin American countries.

49. **Mr. Lara Yaffar** (Coordinator, Subcommittee on Exchange of Information; Chair of the Committee of Experts on International Cooperation in Tax Matters) said that he agreed that the greatest challenges were first, to create the human capacity for exchange and second, the technological capacity to have secure information. Ensuring secure information exchange was one of the greatest demands faced by the private sector. For its part, the United Nations could provide training and best practices in that area; efforts were under way to devise measures to protect information. In order to address that problem, Uganda had sought training in the area of automatic information exchange. Smaller financial entities sometimes had difficulty in transmitting information securely, leaving them unable to fulfil their obligation in that regard. The Committee must address that phenomenon in a comprehensive manner, seeking the ideal manner of guaranteeing the fulfilment of that obligation.

50. **Ms. Peters** (New Zealand, Coordinator, Subcommittee on Base Erosion and Profit Shifting Issues for Developing Countries; Policy Manager, Inland Revenue) said that treaties were bilateral instruments intended to provide benefits to the people and companies in the two concerned countries, not to people and companies in third countries. The United Nations model must therefore be improved in order to ensure that people from third countries not party to those treaties did not take advantage of treaty arrangements.

Panel discussion on Broadening of the Tax Base of Developing Countries

51. **Ms. Kana** (Coordinator of the Subcommittee on Tax Treatment of Services; and Head of the Department of International Taxation, Internal Revenue Service, Chile) said that a closer look should be taken at how to tax services, which had exceeded global trade and manufacturing in value. Countries taxed cross-border services in different ways, and no international agreement existed on what constituted a service for tax purposes. The taxation of services was an issue of base erosion and profit shifting, as developing countries were at risk of falling prey to base erosion.

52. The Committee had established the Subcommittee on Tax Treatment of Services in 2009 with a mandate to broadly address the issue of taxation of services. Base erosion occurred when companies contracted services across a border and paid less in taxes as a result. In the absence of a tax treaty, some countries would normally tax non-residents, or withhold taxes, for a given cross-border service in order to avoid losing revenue. Tax treaties generally addressed taxation in the source country with the resident's country. The Subcommittee on Tax Treatment of Services had created a new article that would allow the source country that was paying for the service to tax cross-border service payments. The new article also allowed countries to negotiate the 30 per cent withholding tax that was applicable without the tax treaty.

53. Avoiding double taxation and determining which country would receive revenue were two of the

difficulties involved in negotiating tax treaties involving cross-border services. Because of the splitting of tax revenue, it was sometimes not appropriate to have a tax treaty. In closing, she highlighted the importance of including the efforts made on base erosion and profit shifting in the future work of the Subcommittee.

54. **Mr. Mensah** (Coordinator, Subcommittee on Extractive Industries Taxation Issues for Developing Countries, Committee of Experts on International Cooperation in Tax Matters; and Assistant Commissioner, Ghana Revenue Authority) said that extractive industries constituted a substantial source of revenue for much of the developing world, in some cases reaching 80 per cent, hence the adverse economic impact of dropping prices. Even where resources were abundant and prices were good, a given Government's share of extractives revenue relied heavily on the country's taxation regime. Most importantly, given that the resources exploited in the extractive industry were finite, non-renewable and affected the environment, developing countries must benefit optimally from those resources. However, that benefit should be weighed against the need to attract investment in the first place; neither countries nor businesses would gain anything from unexploited resources in the absence of interested investors.

55. The Addis Ababa Action Agenda had recognized that countries that relied on natural resources needed to encourage investments, adding value to those resources. They must also address excessive extractive industry tax incentives, which had been shown to reduce the benefit reaped by those countries and fetter the industry. As a result, some resource-rich African countries remained underdeveloped and very poor. The agenda had also recognized the need for best practices.

56. On that basis, the Committee of Experts on International Cooperation in Tax Matters had established the Subcommittee to provide developing countries with the necessary guidance after concluding that most of them did not have the capacity to gain enough from their resources. The Subcommittee membership brought together a wide range of actors, including members of the Committee, civil society organizations, academics, and representatives of private industry and international taxation bodies.

57. The Subcommittee had set out to provide an overview note and specialized papers on extractive industries taxation issues, specifically on taxation of capital gains and indirect asset transfers. Guidance notes addressing various topics were then prepared on the basis of the overview note. Certain aspects of decommissioning contracts negotiated by developing countries for the exploitation of their resources had been overlooked, namely, the serious environmental repercussions and the lack of capacity to remedy them. It had also emerged that there was a need for countries to renegotiate some agreements that were overly advantageous with respect to the resources being exploited.

58. At its twelfth session in October 2016, the Subcommittee had presented completed overview notes and guidance notes on selected treaty issues for approval by the Committee. At its thirteenth session, other guidance notes on value-added tax and permanent establishment had later been developed and approved by the Committee. The Subcommittee would be publishing a handbook on selected issues in extractive industries for developing countries, for launch in June 2017. It would continue to produce guidance notes on other related issues of concern to developing countries.

59. **Mr. Romano** (Observer for Uruguay) said that the issue of the treatment of services to avoid double taxation was highly relevant for his country. As a developing country, Uruguay depended almost exclusively on tax collection to finance its public policies and budgets; it therefore closely monitored aggressive fiscal practices that might erode its tax base.

60. In practice, his country had seen that services, and especially technical services, were used in tax planning work as an instrument to erode the tax base. In some cases, payment for services covered the remittances of dividends, which caused two-fold base erosion. Examining issues such as over-invoicing and payment for services in the weak tax administration of developing countries such as Uruguay was a difficult and complicated task.

61. His delegation commended the inclusion of a specific article regarding technical services in the United Nations Model Double Taxation Convention between Developed and Developing Countries as a highly useful tool to combat base erosion. His country had already included the article in its own model convention in 2016.

62. Unfortunately, the Model Tax Convention on Income and on Capital of the Organization for Economic Cooperation and Development lacked a special clause for the treatment of services. According to that model, services could only be taxed if they were provided through a permanent establishment. However, the required threshold for the verification of a

permanent establishment was very high and thus created ample leeway for tax base erosion.

63. **Mr. Gomes Sambo** (Observer for Angola) said that his delegation commended the inclusion of an article in the United Nations Model Convention on the withholding tax on payment fees for technical services. Angola had traditionally been a service importer, from everyday management services to high technology complex services associated with the extractive oil, gas and mining industries. Virtually all services in Angola had a strong base of foreign providers. Despite huge growth in his country's internal capacity to provide such services, there remained important demand for foreign providers, especially in industries with greater complexity and value. Important sums of money were still being paid to such providers for services performed in the country or to Angolan entities, thus constituting a significant part of the tax base. Many such foreign service providers did not have a real presence in the country; even when they did, it was often difficult to control income flows.

64. The inclusion of the article on the withholding tax in the United Nations Model Convention would provide his country and similar developing countries with an important negotiation tool to protect their tax base. With technical cooperation support provided by the Financing for Development Office, his country would work on inserting a similar article into its national template.

65. **Mr. Morales** (Dominican Republic) said that his country had identified the impact of excessive tax incentives as one of the main causes of tax base erosion. Tax expenditures in his country represented more than 6 per cent of the gross domestic product (GDP). However, tax incentives were applied to various economic sectors that eroded the tax base, with the result that the latter had not exceeded more than 13 per cent of GDP in recent years. Excessive tax incentives also made it difficult to increase taxes and created possibilities for tax evasion and avoidance.

66. With the help of the International Monetary Fund, the Inter-American Development Bank, the Inter-American Center of Tax Administrations (CIAT) and the United Nations, his country had conducted a comprehensive ex ante and ex post study of tax expenditures and contributions using a cost-benefit analysis to examine incentives and investments involving incentives, with a view to blocking excessive tax incentives before they were approved.

67. Since 2015, with support from the United Nations Financing for Development Office, his country had been developing an ex post method to evaluate tax incentives. Within the framework of that technical assistance, a workshop had been held where the specific national situation had been analysed and best practices to measure tax expenditures had been presented. The workshop had also prompted his country to undertake remote work via e-mail and telephone with United Nations experts to develop a replicable methodology that could be expanded to other developing countries in Latin America and the Caribbean.

68. **Mr. Mensah** (Coordinator, Subcommittee on Extractive Industries Taxation Issues for Developing Countries) expressed appreciation that the United Nations was working on a methodology to address excessive tax incentives, as his country also suffered from that burden.

Panel discussion on Instruments for capacity-building

69. **Mr. Lasars** (Coordinator, Subcommittee on Negotiation of Tax Treaties — Practical Manual and Director, International Tax Section, Federal Ministry of Finance, Germany) said that the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries had been successfully elaborated in conformity with the mandate of the United Nations Tax Committee enshrined in Economic and Social Council resolution 2004/69. The Manual highlighted the important role of double tax treaties in international cooperation on tax matters, which encouraged investment by reducing tax barriers; promoted the transfer of skills and technology; and reduced cross-border tax avoidance and evasion through the exchange of tax information and mutual assistance in tax collection. With the adoption of the Addis Ababa Action Agenda, Member States had pledged to reduce opportunities for tax avoidance, and to consider inserting anti-abuse clauses in all their tax treaties. In addition, they had committed to enhancing disclosure practices and transparency in both source and destination countries, including by seeking to ensure transparency in all financial transactions between Governments and companies. Multinational companies must pay taxes to the Governments of countries where their economic activity occurred and value was created, in accordance with national and international laws and practices. Consequently, the Manual was an important contribution to the achievement of the Addis Ababa Action Agenda and would help developing countries in particular with their development efforts.

70. The Subcommittee on Negotiation of Tax Treaties — Practical Manual had been established in 2013 to develop a practical manual on the negotiation of

bilateral tax treaties that would be a compact, practical training tool for beginners or tax officials with limited experience; reflect the current version of the United Nations Model Convention; and draw upon all relevant previous work. The Manual supported treaty negotiators in developing countries, especially those with limited experience, by providing practical guidance, tools to identify each country's policy framework and intended outcomes, and a discussion of the Model Convention. The Manual was structured into four sections: a general introduction, a section on treaty policy, domestic models and negotiations, a section on treaty provisions, and a section on the improper use of treaties.

71. The Manual was practical in nature and highlighted the importance of a policy framework to negotiate tax treaties. The guidelines contained therein aimed to support negotiators with preparing for tax treaty negotiations; the conduct of negotiations; and post-negotiation activities.

72. With regard to policy framework, the Manual stressed that countries should develop a model treaty before entering into negotiations so as to know what they wanted. The policy framework should set out the main policy outcomes that a country wished to achieve, striking the right balance between protecting revenue and encouraging inbound investment. To achieve those ends, the tax treaties of most developing countries generally followed the Model Convention.

73. In treaties between developed and developing countries, reaching a fair balance between source and residence taxation was often the most controversial element of negotiations. The Manual illustrated different approaches to the taxation of cross-border transactions with regard to both source and residence countries (where income was generated and received, respectively). In many cross-border transactions, developing countries were the source of income, while developed countries were often the residence country of the income recipient. The United Nations Model Convention therefore placed greater emphasis on source country taxation than the OECD Model Convention.

74. The final section of the Manual addressed the improper use of double tax treaties, including both specific and general anti-abuse rules, their interpretation, and a number of common provisions found in domestic law. In deciding which anti-abuse rules to include in tax treaties, negotiators should take into account the risk of abuse in their country's economic and tax context, and in the process of their interactions with other tax systems; the ability of their tax administration to effectively administer provisions; and the effectiveness of the proposed provisions.

75. The United Nations Model Convention and the United Nations Manual for the Negotiation of Tax Treaties complemented each other: the former proposed the legal framework for tax treaties, while the latter aimed to help treaty negotiators realize their treaties.

76. **Ms. Halka** (Chief, Multi-stakeholder Engagement and Outreach Branch, Financing for Development Office, United Nations Department of Economic and Social Affairs) said that one specific mandate of the Committee of Experts on International Cooperation in Tax Matters was to provide recommendations for capacity-building, which the United Nations Capacity Development Programme in International Tax Cooperation carried out by hosting capacity-building workshops on international tax cooperation launched in 2012.

77. Like the broader United Nations system, the Programme was guided by the 2030 Agenda and the Addis Ababa Action Agenda, which far superseded previous financing for development outcomes in emphasizing the role of capacity-building, as well as science, technology and innovation, for implementation. The Addis Ababa Action Agenda made an unprecedented number of specific references to capacity development in the area of taxation. Moreover, it recognized that the scaling up of capacity-building at all levels would be essential for sustainable development and poverty eradication.

78. The specific mandate for the Capacity Development Programme had been endorsed by the Economic and Social Council, most recently in resolution 2017/2. The Council had likewise recognized the progress made by the Financing for Development Office in developing, within its mandate, a capacity development programme in international tax cooperation aimed at strengthening the capacity of ministers of finance and national tax authorities in developing countries to create more efficient tax systems. The Council had requested that the Office continue its work in that area and further develop its activities, including by elaborating practical tools.

79. The capacity development activities of the Office drew heavily on the outputs of the Committee of Experts; the Office sought to disseminate and operationalize them as capacity development tools, delivering courses and events based on those outputs. The Office also provided input to the work of the Committee if requested; for example, it had supported work on the Manual for the Negotiation of Bilateral

Tax Treaties. The Committee had also set up an Advisory Group on Capacity Development, mandated to engage with the Programme to ensure that relevant activities reflected the work of the Committee, took into account the needs of developing countries, and did not duplicate but effectively complement the existing tools and resources at the disposal of developing countries.

80. The United Nations Capacity Development Programme addressed the basic needs of developing countries, and was targeted to the least experienced countries, least developed countries in particular. Implemented through multi-stakeholder collaboration, the Programme worked to be complementary to more advanced services already provided by other organizations.

81. To disseminate the Committee's outputs, the Programme had developed a full set of courses and introductory primers on the United Nations Model Tax Convention and Transfer Pricing Manual to be delivered at the national and regional levels. It had also developed practical tools such as the Handbook on Selected Issues in Administration of Double Tax Treaties for Developing Countries, the Handbook on Selected Issues in Protecting the Tax Base of Developing Countries, and a number of practical portfolios. The Programme had shifted to country-level work in 2016 in several pilot countries, and had also developed online tools for broader reach.

82. **Mr. Tonino** (Inter-regional Adviser on International Tax Cooperation, Financing for Development Office, United Nations Department of Economic and Social Affairs) said that in terms of courses and other training activities, the Programme provided introductory training and comprehensive courses on double tax treaties and transfer pricing that drew upon the relevant United Nations manuals and models. Such courses were normally delivered in regional settings, in cooperation with regional tax organizations, and sought to involve experts from national tax authorities. The courses focused on South-South cooperation and had so far been attended by more than 250 tax officials from 55 developing countries. The most recent regional events had been hosted in Madagascar, Senegal, Panama and Zambia.

83. New online courses were being elaborated in response to the needs expressed by developing countries, including primers on double tax treaties and transfer pricing. As the primers would ideally all be offered in English, French and Spanish, countries and donor agencies were invited to support translation efforts.

84. The first capacity development publication issued by the Programme had been the *Handbook on Selected Issues in the Administration of Double Tax Treaties for Developing Countries*, which was available in English, French and Spanish. The second publication, the *Handbook on Selected Issues in Protecting the Tax Base of Developing Countries*, was being updated to reflect the latest developments and would be launched in July 2017 at an event in Addis Ababa. Finally, to complement the Handbook, a forthcoming publication called *Practical Portfolios on Protecting the Tax Base of Developing Countries* would be presented and discussed at a regional event in Kenya in March 2017. He expressed gratitude to the Italian Government for funding the events in Addis Ababa and Kenya.

85. The Governments of Ecuador, Angola and the Dominican Republic had already reported on the technical cooperation activities of the Programme at the country level. In Ecuador, a technical cooperation project on transfer pricing had been implemented in cooperation with the country's Internal Revenue Service and CIAT. The project had included a basic course and an advanced workshop on transfer pricing, followed up by remote and in-country technical assistance on specific national issues. The final country mission had been held in December 2016 in Quito. CIAT would deliver follow-up technical cooperation activities in 2017.

86. In Angola, the Programme was engaged in a technical cooperation project on the administration of tax treaties; a workshop on tax treaties had been held in September 2016 and a follow-up in-country mission would be held in January 2017.

87. Finally, in the Dominican Republic, the Programme had launched a technical cooperation project on tax incentives, which include a workshop held in June 2016, follow-up technical assistance focusing on the development of a methodology for an ex post cost-benefit analysis of tax incentives, and an in-country mission to be held in early 2017 to pilot test the methodology.

88. **Mr. Abu Daud** (Bangladesh) said that capacity building was extremely important for developing countries. It was essential if they were to keep pace with the changing global tax situation, attract foreign direct investment, accommodate other countries' wishes to engage in trade with minimal barriers, harmonise tax definitions, define tax bases, and, importantly, combat tax evasion by multinational enterprises. Without increased capacity, developing countries would not be able to establish mechanisms to eliminate double taxation, properly exchange

information with contracting States, make relationships with contracting States more reciprocal, allocate taxing rights to States, or mitigate foreign investors' uncertainty with regard to how their overseas profits would be taxed and repatriated. Most importantly, developing countries could not combat base erosion and profit shifting, address cross-border tax issues, or analyse the cost benefit of new treaties prior to adopting them.

89. *The United Nations Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries* supported countries to develop their own customized treaty models, which were effective and straightforward to implement. For Bangladesh, it was helpful in many areas: developing fiscal relationships with contracting States, informing foreign direct investors of their tax rights in its territory, allocating taxing rights to relevant States, broadening its tax base, making the national tax system compatible with the digital economy, addressing base erosion and profit shifting issues, increasing withholding tax at the source in instances of transactions with low-tax jurisdictions, indicating country-specific risk areas, building effective information exchange systems and monitoring the domestic impact of work on base erosion and profit shifting. Most importantly, the Manual helped Bangladesh to build its own capacity.

90. His Government disseminated knowledge on international tax matters within Bangladesh by requiring civil servants who attended international tax training to submit a report to the national tax authorities. Reports were either posted on the website of the national tax authorities or used as the basis for seminars.

The meeting rose at 1.15 p.m.

United Nations E/2017/SR.8

Economic and Social Council

Distr.: General
22 February 2017

Original: English

Special meeting on international cooperation in tax matters

Summary record of the 8th meeting
Held at Headquarters, New York, on Friday, 9 December 2016, at 3 p.m.

President: Mr. Shava ..... (Zimbabwe)

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The meeting was called to order at 3.05 p.m.

International cooperation in tax matters (*continued*)

Panel discussion: "Strengthening tax capacity in developing countries"

1. **Mr. Trepelkov** (Director, Financing for Development Office, United Nations Department of Economic and Social Affairs), moderator, presenting the Platform for Collaboration on Tax, said that both the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development emphasized the importance of domestic resource mobilization. One way to boost domestic resource mobilization was to modernize tax systems, which involved adopting development-oriented tax policies, streamlining tax administration, broadening the tax base and combating tax evasion and capital flight.

2. While international and regional organizations had made substantial progress in fostering international tax cooperation and providing guidance, strengthened and better coordinated efforts were needed to implement that guidance effectively in developing countries, taking into account their different needs and capacities. The Platform for Collaboration on Tax, a joint initiative of the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), the United Nations and the World Bank, had been launched in 2016 to intensify cooperation on tax issues. Specifically, the Platform was intended to improve the coordination of tax capacity-building support for developing countries, deliver joint outputs and strengthen the interactions between standard-setting, capacity-building and technical assistance.

3. In response to a request from the Group of 20, IMF, OECD, the United Nations and the World Bank had produced a report on enhancing the effectiveness of external support in building tax capacity in developing countries. The report sought to identify the core elements of successful tax capacity-building programmes and enabling factors. It emphasized the need to create a supportive political and social environment for reform at the country level, develop coherent revenue reform strategies, foster cooperation among development partners, and ensure the inclusion of developing countries in international discussions.

4. Turning to the issue of ensuring political commitment to tax reform, he noted that the report had identified strong country commitment within a supportive political environment as essential for successful tax capacity development. While external support could play a critical role, tax reforms must be country-driven and backed by continued commitment at the highest levels. Both the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda stressed the importance of national ownership and leadership for achieving sustainable development. Cohesive, nationally owned sustainable development strategies, supported by integrated national frameworks, should be at the heart of countries' efforts to achieve the Sustainable Development Goals. In the area of domestic public resources, the 2030 Agenda and the Addis Ababa Action Agenda emphasized that public policies and the mobilization and effective use of domestic resources should be underpinned by the principle of national ownership. Moreover, the Addis Ababa Action Agenda encouraged countries to set national targets and timelines for domestic resource mobilization as part of their sustainable development strategies.

5. The report contained recommendations aimed at supporting the creation of enabling in-country political environments for tax reforms, which could lead to increased domestic resource mobilization for investment in sustainable development. He highlighted recommendation 1, which called on the Group of 20, international organizations and development partners to encourage political support for tax system development through, for example, financial support and mutual accountability provisions, such as those contained in the Addis Tax Initiative. He also drew attention to recommendation 1b, which called on the Group of 20 and donor countries to build the capacity of local stakeholders to engage in reforms and develop medium-term revenue strategies.

6. The report also contained examples of strategies and country approaches adopted to foster political and social support for tax reforms. There were important lessons to be learned from those examples. He looked forward to hearing the views of participants on how to ensure that political commitment to tax reform was promoted and made sustainable at the country level.

7. **Ms. Perez-Navarro** (Deputy Director, Centre for Tax Policy and Administration, OECD), panellist, addressing the topic of how to ensure that the international tax agenda delivered for developing countries, said that the Addis Ababa Action Agenda had put the issue of international taxation on the political agenda of developing countries. That was significant, as high-level political support and commitment to legislative change — not just technical cooperation — were needed in order to close loopholes and conclude treaties and other instruments. In order to translate that commitment into action, the next step

was for countries to identify national priorities, which would help them to focus their efforts.

8. A wide range of international and regional initiatives were helping to drive change. Since 2009, the Group of 20 had recognized the importance of helping developing countries to implement measures aimed at tackling cross-border tax evasion and avoidance. There had also been a dramatic increase in collaborative approaches to such issues. Over 90 States, including more than 40 developing countries, had joined the OECD inclusive framework on base erosion and profit shifting. Meanwhile, 137 States were members of the Global Forum on Transparency and Exchange of Information for Tax Purposes, which had been extremely effective in terms of boosting the exchange of information and improving countries' ability to administer their tax systems.

9. She highlighted the importance of multilateral legal instruments, such as the Convention on Mutual Administrative Assistance in Tax Matters, which had been signed by 107 countries. The Committee of Experts on International Cooperation in Tax Matters was also engaged in important work specifically focused on developing countries. The text of a multilateral instrument on the implementation of tax treaty related measures to prevent base erosion and profit shifting had recently been finalized. Lastly, IMF and the World Bank were working to support tax reforms through lending and advisory services.

10. Noting that regional organizations had a vital role to play in helping countries to implement reforms, she said that a regional component had been incorporated in the inclusive framework on base erosion and profit shifting. While international forums were useful, smaller regional meetings were important for ensuring that all countries' voices were heard.

11. She highlighted recommendation 5 of the report, which called on international organizations, regional tax organizations and development partners to help developing countries to participate effectively in international tax policy discussions and institutions and for good experiences to be disseminated with a view to scaling them up. In that connection, OECD was engaged in capacity-building and had established a twinning programme to help countries to engage effectively with the inclusive framework on base erosion and profit shifting.

12. She also drew attention to recommendation 2c, that the Platform for Collaboration on Tax should develop mechanisms to support the development of coordinated plans for all development providers' work in relation to the implementation of the inclusive framework on base erosion and profit shifting and wider international tax issues. That meant that donors also needed to investigate how they could support developing countries in their efforts to implement reforms.

13. Lastly, she highlighted recommendation 4, which called for the Group of 20 countries and development partners to continue to work closely with regional tax organizations and provide support for increasing their strength and coverage in terms of fostering local networks and exchange of experiences, supporting capacity development in targeted areas, and influencing international rule setting and implementation. Regional tax organizations indeed played a critical role in supporting developing countries. Countries in a particular region tended to have similar legal systems and contexts, which meant that they could learn from one another.

Interactive discussion

14. **Ms. Rangaprasad** (Society for International Development) said that developing countries felt that in order for the international tax agenda to deliver for them, they must be given an equal seat at the table and the opportunity to participate in the design of the agenda itself. She asked what could be done to ensure the political commitment of OECD countries to that goal.

15. **Ms. Perez-Navarro** (Deputy Director, Centre for Tax Policy and Administration, OECD) said that was a question for the members of the Committee of Experts on International Cooperation in Tax Matters, rather than OECD. OECD had tried, through various new and existing institutions, to offer a seat at the table for all.

16. **Mr. Ohme** (Germany) said that OECD was heavily involved in the work of the Inter-Agency Task Force on Financing for Development. Political reporting on such issues as domestic resource mobilization was key in order to hold all actors accountable. It was estimated that $150-200 billion in illicit financial flows was being diverted annually from areas that would help to achieve the Sustainable Development Goals. He asked whether OECD, and in particular the Centre for Tax Policy and Administration and the Development Assistance Committee, would work together in the Inter-Agency Task Force to see that indicators and targets were put in place with a view to combating illicit financial flows, as well as an accounting system to measure progress.

17. **Mr. Trepelkov** (Director, Financing for Development Office, United Nations Department of Economic and Social Affairs) said that the question

concerned not only OECD but also the United Nations, in particular the Financing for Development Office, which was the coordinator of the Inter-Agency Task Force on Financing for Development. One of the areas of work of the Task Force, as identified in the Addis Ababa Action Agenda, was illicit financial flows, in particular in terms of data, estimates and figures. Plans had been made to engage with OECD, IMF and the World Bank at both the staff level and the expert level, with the participation of other stakeholders. It was hoped that the results of that joint work would be presented in the 2017 report of the Task Force.

18. **Ms. Perez-Navarro** (Deputy Director, Centre for Tax Policy and Administration, OECD) said that OECD had established the Task Force on Tax and Development, a joint initiative of the Committee on Fiscal Affairs and the Development Assistance Committee, precisely to make the link between development assistance and tackling tax avoidance and evasion. The Development Assistance Committee had also produced a report entitled "Illicit Financial Flows from Developing Countries: Measuring OECD Responses". The report reviewed the implementation of the recommendations of the Financial Action Task Force, which was vital because strengthening anti-money laundering rules in OECD countries — where illicit financial flows often ended up — would help developing countries to stem such flows. The report also detailed the number of countries that had signed tax information exchange agreements with developing countries, which was another policy avenue for supporting developing countries. Lastly, thanks to the Addis Tax Initiative, a number of countries had committed to doubling their development assistance to support the tax systems of developing countries.

Panel discussion: "How to establish medium-term reform strategies and improve and integrate diagnostic tools and strategic thinking"

19. **Ms. Perry** (Assistant Director, Fiscal Affairs Department, IMF), panellist, said that in low-capacity environments, building tax capacities was a protracted process that required persistent effort. A medium-term reform strategy, country-developed and country-owned, could help guide support to where it was most needed. Any such strategy should begin with a broad consensus on the desired level of revenue mobilization and any necessary reforms, with due consideration to poverty and distribution implications. A comprehensive reform plan could then be devised that included three components: a redesign of tax policy in line with revenue goals and other considerations; a reform of revenue agencies to maximize compliance; and, ideally, any legal changes necessary to enable the new policies and reforms. On the country side, the process required a level of political commitment sufficient to ensure sustained implementation. On the donor side, there must be a commitment to adequate financing and technology transfer to overcome domestic constraints. All parties needed to look beyond the political appeal of immediate results and approach the process with a commitment to the medium term.

20. Any potential framework for the design, implementation and evaluation of a medium-term reform strategy needed to include a diagnosis of the current situation, an implementation strategy, and ongoing monitoring throughout the process. Every stage should be accompanied by consultation with stakeholders, going beyond high-level officials to include civil society and both individual and corporate taxpayers.

21. The paper submitted by the Platform to the G-20 finance ministers had recommended that national authorities, with support from international organizations and development partners, should develop country-specific medium-term revenue strategies with a view to launching three to five pilot strategies by the middle of 2017. The Platform was in the process of identifying candidate countries for such pilot strategies. The paper had also recommended that donor and G-20 countries should facilitate capacity-building not only for governments, but also for local stakeholders, including businesses, civil society organizations and media. That would require additional technical assistance.

22. **Ms. Moreno-Dodson** (Lead Economist, Global Tax Team, World Bank), panellist, said that in order to build medium-term revenue strategies, developing countries needed to be equipped with diagnostic tools that were based on a cohesive set of principles and allowed for comparisons with other countries. A number of such tools were already in use by several countries. The Revenue Administration — Gap Analysis Program (RA-GAP) tool allowed tax authorities to calculate the gap between potential and actual revenue collection, and determine what part of that gap was due to non-compliance and what part to policy loopholes. The Fiscal Analysis of Resource Industries (FARI) tool allowed for an estimate of the distribution of revenues from extractive industries between industry and government. The International Survey on Revenue Administration (ISORA) — developed through a partnership among IMF, the Intra-European Organisation of Tax Administrations (IOTA), OECD and the Inter-American Centre of Tax Administrations (CIAT) — was designed to harmonize

surveys in order to produce a global set of baseline data to facilitate country comparisons. The Tax Administration Diagnostic Assessment Tool (TADAT) provided a uniform set of criteria for evaluating the performance of tax administrations with a view to establishing benchmarks for country comparisons and monitoring progress over time. The Tax Policy Assessment Framework (TPAF) was a new tool under development by the World Bank and IMF that would provide a coherent framework for systematic and structured assessment of which instruments were performing best within the parameters of a given tax policy.

23. All of the tools responded to the recommendation in the Platform paper for the development of diagnostic tools and framework for assessing cross-border tax issues, including avoidance, evasion and tax crimes. That paper also recommended that Platform partners should review and monitor the use of diagnostic tools in determining priorities for tax reform programmes.

Interactive discussion

24. **Mr. Campuzano** (Observer for Ecuador) said that some countries, including Ecuador, were experiencing difficulties implementing the recommendations and adopting new systems and strategies because their legal systems were old and outdated. For example, when Ecuador had been trying to address transfer pricing, under the country's legal code the authorities had been given just one year to introduce measures, which was not sufficient.

25. **Ms. Ghally** (Observer for Egypt) said that her country had found the TADAT tool useful for identifying areas for development. She wondered precisely what the differences were between that tool and the RA-GAP tool. Egypt was pleased with the cooperation it had received from OECD as a member of both the Global Forum on Transparency and Exchange of Information for Tax Purposes, which it had joined in August 2016, and of the base erosion and profit shifting (BEPS) framework. Her country had also become a member of the ad hoc group of the multilateral instrument for BEPS tax treaty measures, and was reviewing strategies for overcoming potential domestic obstacles to signing that instrument.

26. **Ms. Perry** (Assistant Director, Fiscal Affairs Department, IMF) said that it was certainly the case that outdated legal frameworks could be a major impediment to tax reforms. That was why the medium-term reform strategy's third component on legal frameworks was so important. Where legal reform was not possible, reform strategies needed to take that constraint into account. The principal difference between the RA-GAP and TADAT tools was that RA-GAP was designed to determine what parts of a gap in the collection of a particular tax was due to policy and what part due to non-compliance, whereas the TADAT tool was designed to look only at compliance gaps. Although the two tools were intended to do different things, they overlapped.

27. **Ms. Moreno-Dodson** (Lead Economist, Global Tax Team, World Bank) said that existing laws could be an obstacle to reform, and legislative change could take time. The framework was designed to give authorities the information they needed to evaluate proposed legislative changes and to compare their laws with those of other countries.

28. **Ms. Perez-Navarro** (Deputy Director, Centre for Tax Policy and Administration, OECD) said that the tools could help move forward necessary legislative changes by allowing countries to compare their strategies and time frames with those of other countries. OECD strove to offer a wide range of support to countries such as Egypt that were just coming into the process in order to optimize engagement and maximize benefit.

Next steps in the work of the Platform for Collaboration on Tax

29. **Ms. Perez-Navarro** (Deputy Director, Centre for Tax Policy and Administration, OECD), panellist, said that one of the main focuses of the Platform going forward would be to develop toolkits to assist national tax authorities. A toolkit on wasteful tax incentives had already been completed. Toolkits were also being developed on comparability analysis, indirect transfer of assets, treaty negotiation, transfer pricing documentation, base eroding payments, BEPS risk assessment and supply chain management. All the toolkits were designed to help low-income countries address problems created by base erosion and cross-border transactions.

30. **Mr. Trepelkov** (Director, Financing for Development Office, Department of Economic and Social Affairs), moderator, said that he was pleased to note that the communiqué issued by the leaders of the Group of 20 (G-20) following their summit in September 2016 had acknowledged the establishment of the Platform. The Platform would be providing the G-20 with an updated progress report by mid-2017. It planned to hold a global conference every two years, with the first such conference scheduled for February 2018 at United Nations Headquarters in New York. The theme would be the role of taxation in achieving the

Sustainable Development Goals, and the goal would be to identify synergies between the Platform and the 2030 Agenda, with a focus on the perspectives of least developed countries.

31. **Ms. Moreno-Dodson** (Lead Economist, Global Tax Team, World Bank), panellist, said that there were a number of ways that taxation could have an impact on achievement of the Sustainable Development Goals. Most obviously, taxation mobilized domestic resources and promoted fiscal sustainability. She cautioned that countries needed to tread a fine line between maximizing revenue collection and discouraging foreign investment and economic diversification. Taxation could also be designed to reduce wealth disparities, inter alia by preventing tax evasion by large taxpayers from shifting tax burdens to small taxpayers. Tax policy could also have implications for gender equality, notably by eliminating obstacles for small and medium enterprises, which were often owned by women. Taxation could also promote public goods such as health (as with tobacco and alcohol taxes), human development and environmental sustainability. Limiting tax avoidance and evasion across borders would reduce the drain of domestic resources that could otherwise be directed towards development.

Interactive discussion

32. **Ms. Bustamante** (Panama) said that her delegation was pleased that the Platform for Collaboration on Tax would convene a global conference on taxation and the Sustainable Development Goals in 2018, given the impact that taxes could have on development. Her Government was committed to the identification of resources to help developing countries make progress. To that end, her country, with the support of the United Nations, had hosted a number of capacity-building events organized the Inter-American Centre of Tax Administrations (CIAT) on matters such as transfer pricing, tax base protection and double tax treaties.

33. It was important to ensure that efforts to combat tax evasion did not impede foreign direct investment in developing countries by developed countries. Furthermore, problems such as corruption and the inefficient use of States resources warranted as much attention from the international community as tax evasion. Her delegation hoped that those issues would be discussed at the global conference on taxation and the Sustainable Development Goals.

Panel discussion: "How can the coordination and impact of capacity-building support be improved: regional perspective"

34. **Mr. Velázquez** (Director, Planning and Institutional Development, Inter-American Centre of Tax Administrations (CIAT)), panellist, said that CIAT, which currently had 39 member and associate member States from America, Europe, Africa and Asia, had been founded to promote international cooperation in tax matters. Practically all the Centre's work involved collaboration with other organizations, including the United Nations, the Organization for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF), the World Bank and the German Agency for International Cooperation. CIAT hoped to see the establishment of a network of regional tax organizations. To that end, it had held a meeting on sharing products and ideas, eliminating duplication of effort and the enhancing the efficiency of service delivery in October 2016, which had been attended by organizations such as the African Tax Administration Forum (ATAF) and the Intra-European Organisation of Tax Administrations (IOTA). CIAT intended to continue its efforts in that area. The Centre's strategic alliances enabled it to better support developing countries, which comprised a significant proportion of its members. It had worked with the Inter-American Development Bank, OECD, the United Nations and others to produce publications, and had supported United Nations initiatives on transfer pricing and the United Nations Model Double Taxation Convention between Developed and Developing Countries.

35. Cooperation with international organizations had played a very positive and important role in the Centre's work thus far, and it expected to continue to work effectively with such organizations in the future. Activities would likely include further seminars and workshops on issues of interest, such as international taxation and tax recovery and collection. Study visits and short-term technical assistance projects sponsored by its partner organizations would also remain a key element of the Centre's work. Those activities often involved South-South cooperation, with countries such as the Dominican Republic and India among the providers of support. Communication and coordination were essential to effective cooperation. CIAT had improved its cooperation with other organizations over the past five years by improving its planning, communication and coordination with those entities.

36. **Mr. Shongwe** (Specialist in Multi-lateral Cooperation, African Tax Administration Forum (ATAF)), panellist, said that ATAF had 38 member States and was governed by a council of 10 States. OECD had invited ATAF to participate in its base erosion and profit shifting process, which had allowed States members of ATAF to contribute to the process and highlight issues of importance to them, such as transfer pricing, interest rules and treaties. As a result of that cooperation, ATAF had developed risk assessment tools and drafted model legislation on interest rules that would come into effect in 2017. It had also contributed to the revision of the guidelines on pricing cross-border commodity transactions and on intra-group services in the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and to the revision of article 5 of the OECD Model Tax Convention on Income and on Capital.

37. An OECD staff member was currently seconded to ATAF to and was training 11 African experts to take over his work and deliver technical transfer pricing assistance on the continent. ATAF was implementing country programmes as part of the Africa Initiative of the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes and working with the World Bank to develop model legislation on transfer pricing and a transfer pricing risk assessment tool for the Economic Community of West African States (ECOWAS) region. It was also collaborating with the United Nations on capacity-building programmes on transfer pricing and information exchange, both of which were going very well. The Forum's in-country technical assistance programmes in the area of cross-border tax, which involved reviewing legislation and introducing ATAF products such as its Model Transfer Pricing Legislation, Model Agreement on the Avoidance of Double Taxation and risk assessment tools, were also having a positive impact. The first Tax Inspectors Without Borders exchange between two African countries would soon take place, when an official from the Kenyan revenue authority would visit the corresponding authority in Botswana.

38. The most important element for improving collaboration was political support, in order to ensure that inadequate legislation could be reviewed and amended promptly. That would involve tax administrators and the Ministry of Finance making an effort to align their priorities. Coordination with other organizations was also important. ATAF was already working with a number of international organizations in Africa and was responsible for coordinating a number of transfer pricing and technical assistance projects. International organizations should leverage the work that had already been carried out by ATAF, rather than starting from scratch, especially since a number of ATAF products had been developed in consultation with States in the region.

Interactive discussion

39. **Mr. Spatz** (United Cities and Local Governments) said that local governments must be key partners of national Governments in tax matters in order to ensure sustainable and inclusive economic and social development. Building the capacities of local governments, ensuring they had access to their own resources and allowing them an adequate degree of fiscal autonomy would increase investment and the mobilization of domestic resources, which would result in improved infrastructure and provision of basic services.

40. Local taxation was one of the most appropriate tools for collecting local resources and ensuring returns on investments in local infrastructure, but in many countries it was limited to property tax. Its performance was particularly low in developing countries where cities lacked adequate tax registers and geographic information systems. It was therefore necessary to strengthen the capacities of local governments and diversify local taxation in order to include a portion of wealth created at the local level in the tax base. It was only right that local governments should be able to reinvest returns on their budget. Making that possible would involve taking steps to reduce local tax exemptions, which were often set at the national level, and tax evasion.

41. Giving local governments the power and necessary resources to adapt local tax policies to cope with shocks would promote development by increasing the creditworthiness of local governments and improving investor confidence. On average, local governments were responsible for 40 per cent of public investment, but there were significant discrepancies between countries. In developed countries and some emerging countries, local governments received 30 per cent of national resources and were responsible for over 50 per cent of public investment. That figure reached 70 per cent in some OECD member countries. However, in most of the least developed countries, only around 8 per cent of national resources were shared with local governments and their participation in public investment did not exceed 7 per cent.

42. It was essential to share national resources in an equal and appropriate manner, enable local governments to improve tax collection and increase

their access to loans and partnerships with the private sector. Local government agencies stood ready to work with international institutions to explore ways to strengthen local finance capacities.

43. **Mr. Chandra** (Observer for Indonesia) said that the discussion on sustainable development could not be separated from efforts to end poverty and achieve prosperity and equality. Indonesians should have guaranteed basic services and a sufficient income. However, the global economic situation had led to a decrease in the revenue of the State and a budget shortfall. Tax collection was one of the ways to strengthen the budget and enable spending on development priorities. His Government was therefore introducing tax reforms through regulatory and institutional means with the hope of increasing the tax to gross domestic product ratio, which currently stood at 11 per cent.

44. One reform was a tax amnesty intended to improve taxation data and expand the tax base in future. It was also in line with global efforts to combat base erosion and profit shifting. The amnesty had enabled the Ministry of Finance to collect $7.5 billion in the first phase of the amnesty programme. More public awareness campaigns would be promoted with the aim of reaching the target of $12.4 billion.

45. The Ministry of Finance was also seeking to ensure the integrity of the tax collection authority and had set up a team consisting of various stakeholders who were looking at ways to increase the credibility, transparency and accountability of tax collection. On the basis of Indonesia's experience, taxation should not be considered the only solution to the gap in financing for development. It was part of a wider effort to establish a comprehensive and integrated development financing framework.

46. As part of efforts to strengthen global tax cooperation as mandated by the Addis Ababa Action Agenda, Indonesia had just organized a forum on developing country tax policies and cooperation. The forum had attracted experts from various developing countries to further their collaboration, in particular in the context of the implementation of the Sustainable Development Goals.

47. **Mr. Ogouma** (Observer for Gabon) said that international tax cooperation was a major component of his country's domestic resource mobilization strategy. In a context of trade globalization, no tax authority could effectively thwart harmful tax practices and aggressive tax optimization or achieve its aims without cooperating with other tax jurisdictions. His country's commitment to combating fraud and tax evasion was reflected in the fact that it was a founding member of the African Tax Administration Forum and had also joined the Global Forum on Transparency and Exchange of Information for Tax Purposes of the Organization for Economic Cooperation and Development (OECD). Its mechanisms and instruments for cooperation with other tax authorities included a dynamic network of agreements, participation in the work of international and regional bodies, and, at the bilateral level, five double tax agreements with its main trading partners, with another twelve agreements in the pipeline for 2017. At the multilateral and subregional level, Gabon was also a party to the double tax agreement of the Central African Economic and Monetary Community.

48. Gabon was an active member of the Centre de Rencontre et d'Études des Dirigeants des Administrations Fiscales. Training was an important aspect of international tax cooperation, in particular in the areas of transfer pricing, value-added tax fraud, risk analysis, negotiations on tax agreements, human resources management and revenue mobilization reform. His country's needs had often been met through international cooperation, which had improved its technical capacity, tax legislation and administrative framework, enabling better control of transfer pricing and building expertise in fraud detection. Gabon's tax legislation included a procedure on preliminary agreements on prices. A transfer pricing task force was in place to assist inspectors dealing with multinational enterprises and their subsidiaries, and an information exchange cell had been established. The outlook was promising since, in the medium term, his country would automatically exchange information with its partners, and the resulting advantages outweighed the disadvantages of setting up that system. A move towards an organizational model in which the tax and customs authorities were merged was no longer unthinkable.

49. Gabon drew benefits from international tax cooperation and was making efforts to broaden its tax agreements and align them with international best practices. Indeed, international cooperation was the best way for tax authorities to respond to harmful tax practices in a context which, in the case of Gabon, was marked by a collapse in income from petroleum exports.

50. **Ms. Rangaprasad** (Society for International Development) said that the current drafting of the United Nations Code of Conduct on Cooperation in Combating International Tax Evasion and Avoidance merely sought to endorse the Global Forum on Transparency and Exchange of Information for Tax

Purposes process. That process was welcome but limited because, although it was rapidly building a tax information exchange system for early adopters, it would ensure that developing countries took longer than necessary to join. Multilateral engagement, rather than bilateral agreements, was the most effective approach.

51. There should be a commitment to ensuring confidentiality and providing data safeguards so that developing countries were not prevented from participating. The use of information for non-tax purposes, for example to combat corruption and money laundering, should be allowed. Aggregate statistics should also be collected, collated and published. Such data would not breach confidentiality and would enable a better understanding of the size and composition of offshore finance while encouraging developing countries to join the system.

52. Low-capacity developing countries should be allowed to opt for non-reciprocity so that they only received information and would benefit from exchanges of information as they adjusted to the costs of setting up systems that allowed full reciprocity. Furthermore, loopholes such as sham residency certificates and the thresholds under which there was no reporting should be closed. Collective sanctions should be imposed on financial centres that did not choose all other co-signatories without proper justification. Transparency initiatives such as central registries of beneficial ownership were important for banks.

53. Her organization supported a greater role for the United Nations. The Committee of Experts on International Cooperation in Tax Matters was not part of OECD or the G20 and could therefore go beyond merely endorsing the work of other international institutions and aim higher, in order to include developing countries also outside those institutions. Regarding automatic exchanges of information, the Committee should fill the existing gaps. True intergovernmental cooperation should mean that all Member States took part in negotiations on those issues in a neutral and transparent platform. Consequently, her organization supported the call by the Group of 77 and China for an intergovernmental United Nations tax body.

54. **Mr. Sinha** (India) said that national tax policies had ramifications across borders. Exchanges of information were good but not a substitute for genuine and equitable multilateralism when it came to defining international norms and standards on taxation. If the 2030 agenda was truly universal and domestic resource mobilization was an important component of achieving the Sustainable Development Goals, then Member States must all have an equal seat at the table to discuss global issues including tax and tax cooperation issues.

55. The Committee of Experts had some limitations since the views of its members were expressed in their individual capacity and did not reflect the views of their Governments. Developed countries dominated the Committee of Experts and decisions were taken by vote, not by consensus. The Committee should therefore be upgraded to the status of an intergovernmental body which would ensure greater cooperation for the benefit of developing countries; help to broaden the tax base in developing countries; strike a balance between North and South; and give a voice to developing countries. It would provide assistance and expertise from both developing and developed countries in policy formulation on taxation; set the benchmark for the development of international standards; and ensure that the views of developing countries were not ignored in disputes with developed countries. It would also enhance the legitimacy, accountability and authority of the Committee; strengthen the relationship between taxation and development through balanced representation; and facilitate the establishment of a dedicated technical staff of experts on tax issues.

56. **The President** said that the Council's discussions had demonstrated the importance of strengthened cooperation between the Committee of Experts on International Cooperation in Tax Matters and the Economic and Social Council with the aim of enhancing intergovernmental consideration of tax issues at the United Nations.

The meeting rose at 5.35 p.m.

United Nations E/2017/SR.9

Economic and Social Council

Distr.: General
2 June 2017

Original: English

2017 session
28 July 2016-27 July 2017

Summary record of the 9th meeting
Held at Headquarters, New York, on Thursday, 26 January 2017, at 10 a.m.

President: Mr. Shava ..... (Zimbabwe)

Contents

Agenda item 1: Election of the Bureau (*continued*)

Agenda item 2: Adoption of the agenda and other organizational matters (*continued*)

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17-01235 (E)

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The meeting was called to order at 10.10 a.m.

Agenda item 1: Election of the Bureau (*continued*)

1. **The President** said that he had been informed that Mr. Thoms (Germany) had resigned as Vice-President of the Council for 2017 and that, in accordance with rule 22 of the Council's rules of procedure, the Group of Western European and Other States had endorsed the candidacy of Mr. Schulz (Germany) to complete the unexpired term of Mr. Thoms. Mr. Schulz (Germany) would conduct the humanitarian affairs segment.

2. *Mr. Schulz (Germany) was elected Vice-President of the Council by acclamation.*

Agenda item 2: Adoption of the agenda and other organizational matters (*continued*)

Draft decision E/2017/L.11: Theme of the integration segment of the 2017 session of the Economic and Social Council

3. **The President** said that the draft decision had no programme budget implications.

4. *Draft decision E/2017/L.11 was adopted.*

Draft decision E/2017/L.12: Coordination and management meetings of the 2017 session of the Economic and Social Council

5. **The President** said that the draft decision had no programme budget implications.

6. *Draft decision E/2017/L.12 was adopted.*

The meeting rose at 10.25 a.m.

17-01235

United Nations E/2017/SR.10

Economic and Social Council

Distr.: General
2 June 2017

Original: English

2017 session
28 July 2016-27 July 2017
Operational activities for development segment

Summary record of the 10th meeting
Held at Headquarters, New York, on Tuesday, 28 February 2017, at 10 a.m.

President: Mr. Barros Melet (Vice-President) ..... (Chile)

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Opening of the segment

Agenda item 7: Operational activities of the United Nations for international development cooperation

(a) Follow-up to policy recommendations of the General Assembly and the Council

Panel discussion: "Building a stronger United Nations development system for delivering on the 2030 Agenda for Sustainable Development"

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17-03332 (E)

Please recycle

In the absence of Mr. Shava (Zimbabwe), Mr. Barros Melet (Chile), Vice-President, took the Chair.

The meeting was called to order at 10.10 a.m.

Opening of the segment

1. **The President**, opening the operational activities for development segment, said that the goal of the segment was to assist in launching the implementation of the new quadrennial comprehensive policy review of operational activities for development of the United Nations system: first, by laying the foundations for the work of the Council following the Secretary-General's submission of the comprehensive proposals requested in General Assembly resolution 71/243; second, by discussing concrete steps that the system could take in the immediate term to enhance system-wide coherence and efficiency; and, third, by examining the adjustments needed to enhance the impact of the support provided to different groups of countries for delivering on the 2030 Agenda for Sustainable Development.

2. As a result of the Council dialogue on the longer-term positioning of the United Nations development system in the context of the 2030 Agenda and the General Assembly's negotiations on the quadrennial comprehensive policy review, Member States recognized that the Organization was at a critical juncture as it sought to provide effective support for the Agenda's implementation. Consequently, in its resolution 71/243, the Assembly had requested the Secretary-General to prepare proposals on the development system's functions and capacities for its consideration during the course of 2017, which would allow Member States to determine the changes required to enable the system to respond effectively to the challenges posed by the 2030 Agenda. That process would require strong leadership on the part of Member States and the Secretary-General. The operational activities for development segment, which provided an opportunity for candid discussions on ways to improve the system's working methods at the local and global levels in order to support the implementation process, was also expected to contribute significantly to the preparation of the Secretary-General's reports and to improving coordination, integration and synergies among agencies, funds and programmes at the headquarters, regional and country levels.

3. The major shift in the types of funding allocated for operational activities since the late 1940s, from an early reliance on mandatory assessed contributions towards voluntary earmarked resources, and, increasingly, to strictly earmarked resources, had affected the functions, governance, organizational arrangements, capacity, impact and partnership approaches of the United Nations development system. Member States must consider whether such trends had undermined the multilateral character of that system and whether the principles and modus operandi currently underpinning the delivery of operational activities would effectively fulfil the ambitious integration and coordination requirements of the 2030 Agenda.

4. **The Deputy Secretary-General**, delivering a keynote address, said that the Council provided a platform for the Organization to develop a robust response to Member States' ambitions for sustainable development. After having worked closely with Member States to finalize the 2030 Agenda, the Addis Ababa Action Agenda of the Third International Conference on Financing for Development and the Paris Agreement under the United Nations Framework Convention on Climate Change, she had witnessed first-hand the complex task of implementing those instruments in her capacity as Minister of Environment of Nigeria. To ensure effective implementation, the international community must work to establish and balance priorities, mobilize new investments, build dynamic partnerships, and persuade policymakers and people worldwide to adopt new skills and perceptions.

5. Achieving the Sustainable Development Goals was indispensable to ensuring a safe and secure future characterized by prosperity, opportunity and the realization of human rights for all. Remarkable progress had been achieved over the previous two decades, including in Africa, where poverty had declined and democratic space had expanded as a result of increased access to information and communications technologies. As the success of development in Africa was critical to the success of global sustainable development, Africa must remain a priority of the Organization. In that regard, the African Union's Agenda 2063: The Africa We Want and ongoing administrative reforms would make the continent a more effective development partner.

6. Emphasis must also be placed on reducing the vulnerability and building the resilience of least developed countries, landlocked developing countries and small island developing States, as well as ensuring that the world's most vulnerable were empowered and that they shared equitably in the benefits of globalization. Currently, half of the planet's wealth was controlled by a handful of rich men, while some 200 million people were jobless and many more were underemployed, worked at several jobs to make ends meet, or worked under abusive conditions. Urgent

efforts must also be made to address gender discrimination and to change the current fear-driven nature of political discourse stemming from mounting anxieties related to the challenges of climate change, urbanization, population growth, water scarcity and mass movements of people.

7. To fulfil the 2030 Agenda's promise of leaving no one behind, and in line with the universal, interlinked and indivisible nature of the Sustainable Development Goals, a holistic approach must be taken to strengthen peace, development and human rights. In particular, in her home region of north-east Nigeria, integrated action by stakeholders was required to address the interlinked challenges of environmental degradation, resource scarcity, inequality, poverty, conflict and violent extremism, which affected regions throughout the world.

8. To ensure that the Goals succeeded in easing global anxieties, providing a better life for women and men, and building a firm foundation for stability and peace, all actors must work to identify bolder long-term approaches to financing and partnerships, rethink systems and working methods, and redefine traditional planning, delivery and monitoring. In that regard, the General Assembly, in its resolution 71/243, had laid the foundations for a more integrated, coordinated, accountable and transparent development system that was greater than the sum of its parts and fit for purpose to assist Member States in fulfilling their commitments.

9. Development initiatives must be adapted to national needs, priorities and capacities by improving effectiveness, cohesiveness and agility at the country level, scaling up capacities at the regional and global levels, and reasserting the Organization's role as a global knowledge hub and standard setter. Efforts must be made to move beyond traditional coordination mechanisms, adopt results-focused working methods and ensure that ambition was never reduced to the lowest common denominator. Youth must also be empowered to participate in the political and economic lives of their countries and communities as agents of peace and development. Lastly, data and technology should be leveraged to benefit people, and governance should be established over currently ungoverned domains, such as genetic engineering and artificial intelligence.

10. The Secretary-General's vision for transforming the Organization focused on prevention over response and on strengthening cross-pillar work to address the root causes of instability, vulnerability and conflict, with a view to repositioning sustainable and inclusive development at the heart of the United Nations and building institutional capacities across all areas of its work. To that end, efforts would be made to strengthen impartial leadership of the development system in order to promote coherence and integration at all levels, which would require a strong and adequately resourced coordination system capable of ensuring effective planning, risk management, monitoring and evaluation. Measures would be taken to address the trust deficit at the United Nations, which would entail enhanced transparency and accountability to ensure that the work of the United Nations development system responded not just to agency mandates but to global goals and system-wide commitments. In that context, efforts would be made to improve governance on system-wide issues that fell beyond the purview of individual governing bodies; to identify institutional incentives aimed at the effective implementation of Member States' collective guidance; and to ensure that the system was more responsive to national priorities. Lastly, emphasis would be placed on achieving results at the country level, with particular attention to building long-term resilience and bridging the gaps between peace, development and humanitarian action anchored in human rights, in order to ensure access to opportunities for all. To that end, financial and operational arrangements must be reworked and incentives for collaboration developed, both through reinforcing existing mechanisms and introducing new solutions.

11. In its resolution 71/243, the General Assembly had established a sequenced approach to the quadrennial comprehensive policy review. In that connection, she would play a lead role in coordinating the work on the Secretary-General's reports, in collaboration with the Department of Economic and Social Affairs and development system entities, with an immediate focus on drafting the Secretary-General's first set of recommendations for delivery by June 2017.

12. She also looked forward to consulting informally with Member States in a spirit of openness, transparency, and inclusiveness. The United Nations development system had repeatedly proven its capacity to deliver results and reinvent itself in line with its partners' evolving priorities, as evidenced by the ongoing work to empower resident coordinators and implement standard operating procedures for United Nations country teams. Representing a unique combination of normative functions and operational capacity, the United Nations development system had worked over the decades to translate the principles and standards of the Charter of the United Nations and the Universal Declaration of Human Rights into

operational programmes that had benefited people worldwide.

13. The 2030 Agenda was a critical opportunity for the Organization to enact ambitious change and honour Member States' trust by fulfilling its role as a symbol of peace and hope and a provider of essential services. She would work tirelessly to fulfil the commitments of the 2030 Agenda and General Assembly resolution 71/243, with a view to ensuring that the future was defined by the values of peace, justice, respect, human rights, tolerance and solidarity enshrined in the Charter.

Agenda item 7: Operational activities of the United Nations for international development cooperation

(a) Follow-up to policy recommendations of the General Assembly and the Council

Panel discussion: "Building a stronger United Nations development system for delivering on the 2030 Agenda for Sustainable Development"

14. **Mr. Barraza Gómez** (Minister of Social Development, Chile), delivering a keynote address, said that the 2030 Agenda was the main road map for developing State policies focused on people, the planet and prosperity. All development actors were committed to identifying effective organizational methods and forums for United Nations entities to cooperate with countries on the basis of their national priorities.

15. For Chile, the experience of the Millennium Development Goals had led to significant progress and lessons learned. His country's efforts to eradicate poverty, build the foundations for a social protection system and improve access to services contributing to human development had led to a significant reduction in poverty, enhanced access to education and health care, and positive outcomes in such areas as child and maternal mortality, life expectancy and sanitation. Further work was nevertheless required to reduce gender inequality; address the disproportionate impact of poverty on children and adolescents; and bridge the welfare gaps between urban and rural, as well as indigenous and non-indigenous, populations. In that context, Chile was working to establish a development model that emphasized inclusiveness from the outset, with a view to harnessing the potential of all people. Such a model must also be compatible with the need to protect the environment and reduce dependency on commodities in favour of exporting products with higher value added and a lower environmental impact. That would require the progressive development of a national culture of investment and consumption, as well as public and private policies, that incorporated the concept of sustainability.

16. Having participated in the creation of the Sustainable Development Goals from the outset, Chile attached great importance to the indivisibility of their economic, social and environmental pillars. His Government had consequently developed a programme to guide the transition from the Millennium Development Goals to the 2030 Agenda, which would entail the development of comprehensive public policies and the engagement of many actors over the long term. As Chile continued to face considerable gaps in progress and prosperity among different segments of the population despite being a middle-income country, it was currently focusing on combating inequality through three key structural reforms that also emphasized poverty eradication. As uneven access to education contributed significantly to inequality, his Government was implementing education reform aimed at progressively ensuring free and high-quality education for all children and adolescents. It had also reformed its tax system to reflect the principle that those who earned more should pay more, a measure that had led to a three-point increase in tax revenue as a percentage of gross domestic product, which had been allocated to funding education reform and other social reforms. Lastly, his Government had implemented labour reform to improve the balance in bargaining power between workers and business owners, a key condition for making the primary distribution of income more equitable.

17. With a view to fulfilling long-term objectives, the President of Chile had established a national council for implementing the 2030 Agenda, composed of the Ministry of Foreign Affairs, the Ministry of Economic Affairs, Business Development and Tourism, the Ministry of Social Development and the Ministry of Environment. The council had established a body of cross-cutting commissions and working groups focused on achieving broad-based integration. In addition to bringing together actors to guide the implementation process, his Government had begun developing a national assessment that included a quantitative study of the country's situation in relation to the targets and indicators established by the United Nations. It was also carrying out a comprehensive analysis aimed at identifying and strengthening any existing policies, programmes and strategies that could contribute to the effective implementation of international development objectives, and would submit its national voluntary report on implementation of the 2030 Agenda in 2017.

18. He noted with appreciation the cooperation of his country's international development partners, including the United Nations Development Programme (UNDP) and the Economic Commission for Latin America and the Caribbean (ECLAC). He was also grateful for the assistance provided by many countries in controlling the recent outbreak of one of the most extensive forest fires in his nation's history, a tragedy that highlighted the serious impact of climate change on Chile. Climate change must be addressed with a view to protecting biodiversity and natural resources and promoting innovation; particular attention must be also paid to its disproportionate effect on vulnerable persons.

19. Global and local governance, as well as participation mechanisms, must be strengthened to foster the collective political will needed to implement the 2030 Agenda. The integrated and universal nature of the Sustainable Development Goals would require countries and the United Nations system to undertake enormous capacity-building efforts to strengthen the impact and synergies of public policies. Given the tendency of State institutions toward inertia and the fact that many coordination mechanisms were intersectoral in name only and yielded few practical results, Member States must consider whether such institutions should be overhauled to ensure the meaningful intersectoral coordination and integration needed to implement the 2030 Agenda.

20. United Nations institutions must likewise move beyond a sectoral approach to enhance their relevance and effectiveness. In that connection, he welcomed the conclusions of the dialogue on the longer-term positioning of the United Nations development system, which had usefully informed the discussions on the quadrennial comprehensive policy review, as well as the ambitious proposals put forth by the independent team of advisers. The participation of a wide range of actors, including civil society and the private sector, would also be critical to the success of development initiatives.

21. Planning must be strengthened to support a development strategy based on the interlinkages between the economic, social and environmental spheres. Rather than relying on market forces alone to achieve development objectives, the international community must establish a modern and holistic planning strategy that could be adapted to evolving scenarios involving countless variables. Efforts must also be made to strengthen State institutions in line with the Sustainable Development Goals and targets; to implement ways of measuring and responding to the multidimensional challenges of poverty and inequality; and to develop horizon scanning tools and capacities. Implementation strategies should be designed taking into account the specific regional frameworks in which Member States operated, as well as opportunities for coordination, including South-South and triangular cooperation. The Forum of the Countries of Latin America and the Caribbean on Sustainable Development, established by ECLAC, was a valuable mechanism in that regard.

22. Governments must strive to translate the 2030 Agenda into genuine State policy, in the light of potential objections in some sectors on the grounds that adherence to an internationally established development framework undermined national sovereignty, and in view of the difficulty of sustaining, within national policy frameworks, ambitious commitments that could be at variance with the programmes of successive government administrations with different ideological orientations.

23. He was nevertheless optimistic that all States that had ratified the 2030 Agenda would uphold their commitments in a manner consistent with their specific identity and economic, social, political and cultural situations. Indeed, as the strength of the 2030 Agenda depended on robust national ownership underpinned by broad stakeholder participation, maintaining it as a State policy was compatible with democratic transitions in government leadership. In a global context of increasing uncertainty, the 2030 Agenda provided a source of stability and clarity for Member States and for the work of the United Nations.

24. **Mr. Cockayne** (Head of the United Nations University Office in New York), moderator, said that Member States had a once-in-a-generation opportunity to reshape the way in which the United Nations development system assisted them with their commitments under the 2030 Agenda. The current meeting represented an opportunity to reflect on adjustments needed at system-wide and entity levels to improve the impact of the support provided to Member States to deliver on the 2030 Agenda. It was also an opportunity to flesh out concrete options and recommendations on when, where and how the system needed to come together to deliver common results and to coordinate at the global, regional and country levels. He encouraged participants to think creatively during the discussion about incentives, funding arrangements, leadership and the coordination of the United Nations development system not only globally, but also regionally and nationally.

25. **Mr. Silberhorn** (Parliamentary State Secretary to the Federal Minister for Economic Cooperation and Development, Germany), panellist, said that a

"business as usual" approach would not bring about the transformational changes needed to achieve the milestones set in the 2030 Agenda and the Paris Agreement. Only through collective action and a stronger United Nations could the development system surmount global challenges, such as hunger, poverty and climate change.

26. First, the United Nations development system needed to take leadership through its 1,432 country offices, at both the resident coordinator and headquarters levels. Second, an overarching strategy was needed to deliver on structural changes that would help Member States to achieve the Sustainable Development Goals. Third, the roles and duties of the various agencies of the United Nations development system needed to be defined more clearly. Fourth, the funding structure should be entirely overhauled to harness synergies, tap into unused reserves within the system, create efficiency incentives, ensure proper cost reimbursement and reduce transaction costs. Fifth, the system should be made more transparent, accountable and results-oriented with appropriate monitoring and management by Member States.

27. The Deputy Secretary-General would require better instruments to coordinate the reform of the United Nations development system and the humanitarian development nexus. She should also endeavour to learn from past experiences, which had, for example, shown that individual appeals for funds did not improve the Organization's overall funding situation. Discussions on reform should be held at the highest level with the Secretary-General, taking into account three important aspects of the development system: the comparative advantage of a system in which universal norms and standards had been agreed upon by Member States; the use of incentives, such as the pooling of funds, to encourage Member States to work together; and the need for United Nations agencies to provide appropriate contributions to support the resident coordinator system. Reforms should also focus on improving coordination among partners active in development cooperation, humanitarian activities and peacebuilding, not least from civil society and the private sector.

28. Germany was willing to provide significant contributions so that the United Nations development system could achieve its ambitious goals. His Government had already revised its own sustainability strategy to bring it into line with the 2030 Agenda. He called on Member States to maintain the current political momentum to create a world in which a decent and fair life was possible for all.

29. **Ms. Ounavong** (Director-General, Department of International Cooperation, Ministry of Planning and Investment, Lao People's Democratic Republic), panellist, said that, in a rapidly changing and increasingly complex world, the United Nations development system needed to simplify and harmonize its business practices and seek a more client-focused approach to its traditional development policies and technical assistance. Its frameworks and policies should not only respond to Member States' needs and priorities, but also build on the national systems which already existed, in order to create additional momentum within countries to enhance capacity, domestic accountability mechanisms and financial management practices.

30. Member States demanded strong leadership at the global, regional and country levels based on in-depth knowledge and expertise and attuned to country realities. At the country level, in particular, greater use of national experts and staff would contribute to meaningful reforms and sustainable outcomes.

31. The success of the United Nations development system, especially in respect of the 2030 Agenda, depended on its ability to mobilize sustainable and predictable funding for its core functions and to maintain its absolute and comparative advantage. It was therefore crucial to explore innovative financing modalities and enhance the transparency and accountability of funding flows. Similarly, the system should engage in all appropriate forms of partnerships with stakeholders, including South-South and triangular cooperation.

32. Her Government hoped that the United Nations development system would help the Lao People's Democratic Republic to achieve the Sustainable Development Goals, fight poverty and lose its status as a least developed country. Specifically, the United Nations development system should provide integrated support for implementing, monitoring and reporting on the Goals; offer integrated evidence-based policy advice on how to incorporate them into national plans and budgetary processes; focus on capacity development and technical assistance; convene stakeholders across the development spectrum in order to leverage partnerships and facilitate knowledge-sharing; and provide Member States with comprehensive disaggregated data collection and analysis.

33. In that vein, the Lao People's Democratic Republic — United Nations Partnership Framework 2017-2021 was useful for encouraging collective responses to national development priorities and

synergies with United Nations agencies. The United Nations country team and the Government would work together to monitor progress under the framework. Her Government had also arranged a round-table process, co-chaired with UNDP, at which high-level government officials, development partners and stakeholders from the private sector and civil society could discuss and formulate recommendations on development cooperation and national development goals, including the Sustainable Development Goals.

34. **Mr. Ongodo** (Director-General for Cooperation and Regional Integration, Ministry of Economy, Planning and Regional Development, Cameroon), panellist, said that the United Nations development system was helping his country to implement the 2013-2017 United Nations Development Assistance Framework (UNDAF). Cameroon had signed a new UNDAF in December 2016 that was aligned with the Sustainable Development Goals and its national development strategy.

35. Since the end of 2015, his Government had striven to increase local ownership of the Sustainable Development Goals by national actors and to analyse the extent to which the Goals had been incorporated into national policies using the UNDP rapid integrated assessment tool. Nevertheless, only 90 of the 169 targets of the Goals had been assessed. In the future, Cameroon planned to improve fulfilment of the Goals by identifying potential resources and estimating financial costs; establishing a mechanism for achieving the Goals and intensifying their monitoring and evaluation; and by raising awareness and increasing ownership at the national and local levels.

36. The Government of Cameroon and the United Nations country team were committed to the "Delivering as one" concept. The country team had therefore drawn up a relevant road map during a workshop in Cameroon to support integrated programmes and policies in the national environment. In view of its support for simplifying and harmonizing business practices, the country team had also developed a business operations strategy for the 2016-2017 period to enhance its image as a strategic, coherent, relevant and cost-effective partner by focusing on results, ensuring accountability and transparency, reducing transaction costs for government and implementing partners, and lowering overhead costs for the United Nations development system.

37. He recommended the United Nations development system should, inter alia, reduce transaction costs by increasing the use of country systems; mainstream its "Delivering as one" approach so as to leverage internal expertise and knowledge, address lack of funding for critical areas, reduce fragmentation and increase transparency and accountability; harmonize reform efforts at the regional and global levels through a comprehensive approach encompassing development assistance, humanitarian aid and peacekeeping; support the production of data for the monitoring and evaluation of the Sustainable Development Goals at the national and regional levels; and strengthen its capacity for joint analysis, planning, programming, multi-year funding, monitoring and evaluation, and increase the transparency and frequency of joint reporting on results.

38. **Mr. Kituyi** (Secretary-General, United Nations Conference on Trade and Development (UNCTAD)), panellist, said that the strident voices of anti-globalization and the stuttering engine of economic growth in the world were good enough reasons for developing more joint actions within the United Nations Development Group. The development community must learn how to defend the returns from globalization and global development against the headwind of nationalism. The challenge was to harness the disparate knowledge of the development community to promote a bottom-up approach to globalization, starting with producers, the most vulnerable and those looking for gainful employment, rather than allowing corporate interests to prevail in the global pursuit of the 2030 Agenda.

39. The knowledge of both UNCTAD and other agencies was useful in that regard. When launching the eTrade for All initiative to scale up the access of developing countries to e-commerce and protect them from more powerful trading global communities, UNCTAD had enlisted the assistance of 15 agencies and 23 large corporations. Further examples of its development cooperation initiatives included the E-Commerce Week 2017 scheduled for the end of April 2017; the launch at its fourteenth session of a campaign with the Food and Agriculture Organization of the United Nations and the United Nations Environment Programme to end fishery subsidies worldwide; and an initiative with the United Nations Inter-Agency Cluster on Trade and Productive Capacity to build local value chains in Viet Nam, Nepal and Tanzania, for which UNCTAD had been a coordinator.

40. The United Nations development system should make a clear distinction between its efforts to monitor implementation of the 2030 Agenda and its efforts to provide assistance. Although there had initially been a surge in implementation measures, assistance measures had started to gain momentum only recently.

41. Better coordination was also needed between resident and non-resident agencies of the United Nations Development Group, in order to create synergies, prevent duplication of efforts and avoid costly acquisitions of products which had already been purchased elsewhere in the United Nations family. There was often no standard procedure for sharing specialized knowledge between resident and non-resident organizations.

42. Lastly, fresh approaches were required to boost knowledge and political commitment to official development assistance (ODA), which was often diverted to meet humanitarian, migration or climate change mitigation needs. Enhancing interaction between agencies and especially among the five regional commissions would greatly strengthen the position of the United Nations development system in that regard.

43. **Mr. Zambrano** (Observer for Ecuador), speaking on behalf of the Group of 77 and China, said that the operational activities for development segment provided Member States with an opportunity to advance discussions on the implementation of General Assembly resolution 71/243 on the quadrennial comprehensive policy review. Since the General Assembly had resolved that the review would be the main element for determining how United Nations operational activities would assist Member States in the implementation of the 2030 Agenda, related guidelines should be incorporated into the activities of entities of the United Nations development system at all levels. The Group hoped that upcoming recommendations of the Secretary-General, which had been requested under the review, would reflect the same ambition, complexity and delicate balance that had been shown in the resolution.

44. **Mr. Donoghue** (Ireland) said that although the 2030 Agenda was ambitious and the problems it addressed were complex, clear signs of progress were needed. With 2015 as the year when the Agenda had been adopted and 2016 as a year of planning, 2017 must be marked by implementation, a process that would continue until 2030. Building on the Agenda, the latest quadrennial comprehensive policy review had been negotiated with the aim of mainstreaming the Sustainable Development Goals into the work of the United Nations development system. The policy review emphasized the primary role of Governments in driving national implementation. In order to ensure the success of the review, the United Nations development system must adapt to address new challenges, such as emerging nexus issues and development funding alignment, so that no one was left behind. The review should be implemented, in particular, by enhancing the inter-agency approach within the United Nations development system at the country level, identifying and implementing improvements to the resident coordinator system and enhancing gender mainstreaming, including though gender-responsive strategic planning and the use of gender-disaggregated data.

45. The "Delivering as one" approach and gender mainstreaming, through the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women as well as gender scorecards, were good examples of how the entities and activities of the United Nations development system could be aligned with the 2030 Agenda. However, more needed to be done and the available resources must be used intelligently when responding to the massive challenges. One particular task was to ensure that the human rights-based approach woven into the 2030 Agenda was also incorporated into the operations and management of the United Nations development system. That system was complex and sometimes had competing demands and interests. The Agenda was clear, however, and the international community was obligated on the national, regional and global scales to align efforts and resources with the Agenda and deliver results. The approaches of all institutions and programmes must be refocused, recalibrated and possibly redesigned in order to fit the Sustainable Development Goals, rather than the other way around.

46. In addition to the key actions outlined in the quadrennial comprehensive policy review, the high-level political forum on sustainable development should be strengthened to support the formation of new partnerships. Improved inter-agency coordination and system alignment with the Goals should result in a logical United Nations agenda capable of meeting the current sustainable development challenges. The international community must now act on its commitments to ensure that all people benefited from sustainable development.

47. **Mr. Minami** (Japan) said that it was important to break down silos and integrate the three pillars of the United Nations by translating greater inter-agency coordination in New York into positive impacts in the field. The resident coordinator system should indeed be improved, but financing was ultimately the key to achieving the Sustainable Development Goals. Recalling the importance of coherent resource mobilization, he asked the representative of the Ministry for Economic Cooperation and Development, Germany, to elaborate on his suggestions to overhaul the funding mechanisms of the United Nations, to provide views on how to establish relationships

between the international financial institutions and the United Nations and to explain how to mobilize private sector funding to achieve the Goals.

48. **Ms. Cook** (United States of America) said that delivering as one at the country level was highly relevant. Her delegation would work with other Member States and with the Secretary-General to enable the United Nations development system to implement the 2030 Agenda. The quadrennial comprehensive policy review was a useful way for the agencies of the United Nations development system to make various changes to eliminate waste and thereby achieve cost savings. It also provided good guidance for improving the resident coordinator system through better training and selection of coordinators. As had been evident during negotiations in 2016, Member States recognized the limitations of the policy review as well as the dynamic environment of the current development system. There could be no one-size-fits-all solution for United Nations agencies, and the review was no substitute for the mandates of the governing bodies of the individual agencies. A major question facing the United Nations development agencies was how to incorporate peace and security into their everyday development work. Their comparative advantages should be utilized to enhance the programmes of individual agencies as well as the collective contributions to coherent United Nations country team approaches.

49. **Mr. Silberhorn** (Parliamentary State Secretary to the Federal Minister for Economic Cooperation and Development, Germany) said that there was too much ad hoc financing of the United Nations system. It was necessary to act more preventively both in operations and in funding, and permanent financing should be established so that the international community could act ahead of time rather than reacting to situations. Funding in the context of development cooperation should be driven by demand, not by donors. More funding should be made permanently available for crisis response; the possibility of a lean system-wide balance sheet should be duly considered, since it would be a useful leadership tool and the costs of coherence and coordination were not being reflected in the traditional funding mechanisms; and pooled and thematic funding could better incentivize donors and increase contributions from the private sector. Financial instruments already offered by global actors would allow countries to contribute not only via core or earmarked funding, but also through bilateral commitments.

50. The United Nations should collaborate more with international financial institutions, work less on a project-by-project basis and organize more structural changes with adequate financing instruments. In implementing the 2030 Agenda, there should be more of a focus on the revenue side of financing for development rather than the expenditure side. In many developing countries, the functioning of financial markets was an issue, and confidence in national banks and other institutions was lacking. If better use was made of financing instruments from the multilateral development banks, which had many other donors, perhaps that gap could be bridged. Local and regional financing markets, if developed successfully, could result in money generated in developing countries being used to create jobs locally instead of being exported to safe havens. Infrastructure projects could thus be financed by capital generated in-country as opposed to foreign investment or ODA, which were accompanied by large risks of currency devaluation. With regard to the relationships between the United Nations and the international financial institutions, the international community should concentrate on the structural issues in order to make better use of the scarce public money available.

51. **Ms. Ounavong** (Director-General, Department of International Cooperation, Ministry of Planning and Investment, Lao People's Democratic Republic) said that one of the responsibilities of the United Nations development system was to mobilize and strengthen high-quality funding, including private sector funding. The development plans of her country called for more than half of all funding to come from the private sector.

52. **Mr. Ongodo** (Director-General for Cooperation and Regional Integration, Ministry of Economy, Planning and Regional Development, Cameroon) said that it was necessary to look at all relevant sources of funding for the implementation of the Sustainable Development Goals. The United Nations should continue to play a coordinating role, particularly with regard to financing from the private sector. Cameroon had suffered from the terrorist activities of Boko Haram in its northern region and from the crisis in the Central African Republic along its borders with that country. Countries such as France, Germany and the United States had successfully intervened in specific domains, including education, health and combating extreme poverty. Innovative financing that could be leveraged to solve problems in support of the Goals would be welcome.

53. **Mr. Palma Cerna** (Honduras) said that the quality of financing depended on its efficient use as well as on its sources. While functions must be defined on the basis of each entity's individual mandate, they must also reflect the complementarity between and

integration of entities if organizations were to be able to provide the assistance needed. Country teams, with headquarters support, were responsible for ensuring the coherence and coordination of activities.

54. He asked what role the United Nations development system should play with regard to middle-income countries, where 70 per cent of poverty was concentrated. Both the Addis Ababa Action Agenda and the 2030 Agenda had given the system a specific mandate to develop non-income-based measures of progress, which would help middle-income countries respond to the huge challenges facing them.

55. **Mr. Konate** (Burkina Faso) said that, given the significant reduction of resources over the previous 15 years, there should be a greater focus on investing in addressing the structural causes of problems, rather than paying large sums to deal with their consequences. How should that discrepancy be resolved without discouraging generous donors?

56. **Ms. Ordoñez Fernández** (Colombia) said that the recent quadrennial comprehensive policy review was the first step towards transformation of the United Nations development system. It was heartening to see the new Administration's serious approach to the review. For concrete results to be achieved, the system must be coherent and draw on each agency's comparative advantages. Sustainable development and peacekeeping activities must be coordinated, since sustainable development helped to sustain peace, as clearly demonstrated by the situation in Colombia.

57. Performance-based reporting was crucial, since it reflected how well the country programme was implementing UNDAFs and provided information on the results achieved by the system as a whole. Individual agencies and programmes could provide further details of their work upon request, but an overview was essential. The resident coordinator system should therefore be strengthened and tailored to country needs; the coordinator must also have tools for communicating effectively with all agencies.

58. Lastly, as illustrated by the available data, better progress must be made on achieving gender equity throughout the United Nations system, and Colombia welcomed the importance attached to that subject by the Secretary-General.

59. **Mr. Gad** (Observer for Egypt) said that funding for operational activities for development had been decreasing and would soon be at a historic low. That trend was due partly to the need to allocate resources for humanitarian interventions during the previous few years. However, it was unsustainable in the long term, especially in view of the obligation to implement the 2030 Agenda. The role of indicators and data was extremely important for measuring the real-world impact of currently funded operational activities for development, but even more crucial was the question of the extent to which such activities had actually leveraged other sources of funding. In addition, the status of the United Nations as a hub of knowledge should be reasserted, since it and its specialized agencies and entities provided a wealth of knowledge that, though sometimes translated into solutions at the country level, often was not in the proper form to address any given situation. It would be helpful to hear the opinions of the panellists on those issues.

60. **Ms. Arrieta Munguia** (Observer for Mexico) said that the 2030 Agenda had placed development at the heart of United Nations action, thus creating a new paradigm. The United Nations development system would need to adapt to the 2030 Agenda, rather than continuing practices that resulted in inertia. The new paradigm would require a broader vision of development, peace and security.

61. The coining of the new term "sustaining peace", or peace based on development and on conflict prevention through poverty reduction and access to justice, had made 2016 a particularly important year for Mexico. Sustaining peace should be a common theme that led to better coherence and integration both in policymaking and among the three dimensions of sustainable development. The forthcoming panel discussion on the development, humanitarian and peacebuilding nexus should be centred on the transformational potential of the concept.

62. **Mr. Silberhorn** (Parliamentary State Secretary to the Federal Minister for Economic Cooperation and Development, Germany) said that more long-term financing was indeed needed, in keeping with the spirit of the 2030 Agenda. The World Food Programme, for instance, concentrated its work on resilience through long-term interventions. However, earmarked funding did, in fact, reflect the political will of many donor countries. Therefore, it was necessary to better integrate such imperatives into an overarching and multilateral funding structure, as had been achieved by Gavi, the Vaccine Alliance, and the Global Fund to Fight AIDS, Tuberculosis and Malaria. Those organizations enabled donor countries not only to make core contributions, but also to provide funding through bilateral interventions and record it on their balance sheets as bilateral, instead of multilateral, funding.

63. A system-wide budget could help to integrate urgently needed leadership in financing, and the

Secretary-General himself had appealed to donor countries to hold a central pledging conference in that context. New financial instruments such as climate risk insurance had been used to leverage taxpayer money to attract private contributions and channel them into sustainable development.

64. The fact that the overall flow of money out of developing countries was greater than the flow of ODA into them revealed a lack of trust in national institutions that should be bridged by multilateral activities. The issue affected both developing countries and industrialized countries, which should cooperate to better allocate private financing so that it would not be exported to safe havens to avoid taxation but would be put to good use where it had been generated. The United Nations should set relevant norms and standards in order to prevent unfair tax avoidance and trade regulations, which would be harmful to all parties. Bearing in mind that there was much more private than public financing available in the world, it was the duty of the international community to better direct it towards sustainable development.

65. **Ms. Ounavong** (Director-General, Department of International Cooperation, Ministry of Planning and Investment, Lao People's Democratic Republic) said that emphasis should be placed on delivering results and setting up monitoring and evaluation frameworks. Comprehensive data collection and analysis was also vital to ensure that development was having the intended impact.

66. **Mr. Ongodo** (Director-General for Cooperation and Regional Integration, Ministry of Economy, Planning and Regional Development, Cameroon) said that sustaining peace was a laudable goal that encompassed both development and security and could potentially be implemented in many countries. Although security was not within the purview of UNDP, it was a cross-cutting theme. The sustaining peace methodology should involve analysing the causes and consequences of conflict and underdevelopment in order to find solutions.

67. With regard to financing and resource reduction, it was important to streamline and set priorities for all operational activities aimed at achieving the Sustainable Development Goals.

68. **Mr. Kituyi** (Secretary-General, United Nations Conference on Trade and Development (UNCTAD)) said that it was critically important to optimize existing knowledge resources within the United Nations. No user-friendly platform for sharing knowledge had yet been developed, meaning that important work could not be exploited by the system as a whole. Similarly, institutions were repositories of considerable knowledge, which should transformed into a global good.

69. The interface between the development, humanitarian, human rights and security dimensions of United Nations work was also crucial, especially in the case of the economic factors driving involuntary migration, since four out of five migrants arriving in southern Europe over the past five years had come from least developed countries.

70. On the question of leveraging limited public resources, Governments often proposed projects but were unable to find a way to make them profitable. There was a need to focus on ideas that could become bankable projects in order to attract private investors. Chile, for example, had been very successful in securing infrastructure financing from Canadian pension funds. Debt sustainability was also a major concern for many developing countries; in some cases, 50 per cent of public revenue was being used to service debt. Resident and non-resident agencies should work together to find solutions. Rather than seeking an alternative model, UNDAFs should be improved upon, in coordination with donor partners. Lastly, the current phase was one of continuous learning; everyone should therefore be working to identify, replicate and scale up best practices in order to improve relationships with Member States and implementation of the 2030 Agenda.

71. **Ms. Zahir** (Observer for Maldives), speaking on behalf of the Alliance of Small Island States, said that the United Nations development system must give priority to enabling national implementation of the 2030 Agenda. However, several elements of that Agenda fell outside its mandate and the broader scope of the Council's work could not be transferred to the development system. As implementation of the 2030 Agenda must be country-led, the United Nations development system must be in a position to respond to national priorities, have the right capacities and be able to operate in a coordinated and coherent manner. It must also strengthen its accountability and coordination lines as part of a transparent organizational structure.

72. **Ms. Fladby** (Norway) said that, on the subject of fragmented funding, both the 2030 Agenda and the quadrennial comprehensive policy review called for integrated approaches. Many inter-agency pooled funds had already been set up, such as the Central Emergency Response Fund, but their use remained limited, as indicated in the report of the Secretary-General on funding (E/2017/4). She asked how funding modalities

could support the goal of integration and how inter-agency mechanisms could be enhanced.

73. **Mr. Egli** (Observer for Switzerland) said that financing, coordination and leadership were all interrelated. With regard to collective action, it was vital to talk about the comparative advantages of the United Nations development system. Under the quadrennial comprehensive policy review, the General Assembly had requested that roles be clarified and a system-wide strategy developed on improving collective support for the implementation of the 2030 Agenda. The forthcoming strategic plans of various organizations, such as UNDP and the United Nations Population Fund, would present an opportunity to operationalize that goal. He wondered if the representatives of "Delivering as one" countries could provide their views on the kind of work that could be undertaken collectively.

74. **Ms. Oliveira Sobota** (Brazil) said that funding was a critical challenge and the funding architecture needed to be improved. However, Member States must be guided by General Assembly resolution 71/243, which did not contain a request for a radical overhaul. Brazil was concerned by the emphasis on normative functions, which was inconsistent with the resolution and was not a panacea. Funding should not be taken for granted; it should be an ongoing discussion.

75. **Ms. Haque** (Observer for Bangladesh) said that although the United Nations had always played an important role in developing countries such as hers, there should be a balance between the normative and the operational activities of the United Nations. The most recent quadrennial comprehensive policy review had recognized that the least developed countries were the most vulnerable and needed enhanced support and privatized allocation. To that end, the United Nations development system should streamline its programmes and activities.

76. Her delegation supported the call for a bolder approach to funding, as expressed by the Deputy Secretary-General in her earlier remarks. Some initiatives, such as the Technology Bank for the Least Developed Countries, investment promotion regimes and the crisis mitigation and resilience-building mechanism, were particularly suited to the situations of the least developed countries. As the mandate given to the United Nations development system by the quadrennial comprehensive policy review was to place particular emphasis on supporting those countries, how could the system leverage its limited funding to deliver adequate results?

77. **Mr. Cockayne** (Head of the United Nations University Office in New York) said that many of the questions from States were a reminder that not only form but also funding must follow function. It was important to have a clear understanding of the recommendations made in the quadrennial comprehensive policy review on functions. He invited Member States to indicate the functions they would like the development system to perform in their countries.

78. **Ms. Ounavong** (Director-General, Department of International Cooperation, Ministry of Planning and Investment, Lao People's Democratic Republic) said that the nutrition programme in her country was an example of the successful exploitation of comparative advantages. The World Food Programme, United Nations Children's Fund and United Nations Population Fund had all worked together to develop an action plan on nutrition, thus using United Nations expertise to support the Government collectively.

79. In addition, in the Lao People's Democratic Republic-United Nations Partnership Framework 2017-2021, which was the successor to UNDAF in her country, the United Nations system had used its comparative advantages to develop an outcome-based framework derived from the national plan.

80. **Mr. Ongodo** (Director-General for Cooperation and Regional Integration, Ministry of Economy, Planning and Regional Development, Cameroon) said that, in addition to the terrorist attacks perpetrated by Boko Haram in the far north of Cameroon, that region was also suffering from environmental problems, while the east of the country was hosting a large number of refugees. At the request of his Government, the World Bank and the European Commission had organized a joint meeting to analyse the causes of the crisis and find effective solutions, one of which could be to hold a donors' conference.

81. **Mr. Silberhorn** (Parliamentary State Secretary to the Federal Minister for Economic Cooperation and Development, Germany) said that there was a high level of public awareness regarding the peace and security activities of the United Nations, but not regarding its economic and development work, including Council decisions. In order to address that situation, a sustainability council could perhaps be formed as a complement to the Security Council. More leadership was needed at the headquarters and country levels to overcome fragmentation and to determine the overarching value added of the United Nations as a knowledge provider and a norm-setter.

82. Funding should follow function and there was an opportunity to take a system-wide approach to funding at a higher political level. An evolutionary, rather than revolutionary, approach was required; it was an ongoing process that might provide opportunities for encouraging Member States to support the multilateral system.

83. **Mr. Kituyi** (Secretary-General, United Nations Conference on Trade and Development (UNCTAD)) said that, if new forms of engagement were to be developed, mutual respect would be needed and recognition of the competencies and limitations of each organization. Resident coordinators should engage more with non-resident organizations, but non-resident agencies should also respect the role of the resident coordinator.

84. The low profile of economic and development work at the United Nations in New York was primarily due to the fact that three quarters of United Nations development agencies were based in Geneva, which made it difficult to create synergies since the Council was no longer meeting there.

85. There was currently no mo'el for developing regional partnerships. The structure of regional engagement was important, especially with regard to tackling cross-border challenges facing landlocked countries and developing value chains among countries that had different customs requirements and public resource capacities. Models based on existing best practices would need to be developed.

The meeting rose at 1.05 p.m.

United Nations E/2017/SR.11

Economic and Social Council

Distr.: General
2 June 2017

Original: English

2017 session
28 July 2016-27 July 2017
Operational activities for development segment

Summary record of the 11th meeting
Held at Headquarters, New York, on Tuesday, 28 February 2017, at 3 p.m.

Chair: Mr. Barros Melet (Vice-President) ..... (Chile)

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Interactive dialogue with the executive heads of the United Nations funds, programmes and specialized agencies

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In the absence of Mr. Shava (Zimbabwe), Mr. Barros Melet (Chile), Vice-President, took the Chair.

The meeting was called to order at 3.10 p.m.

Agenda item 7: Operational activities of the United Nations for international development cooperation (*continued*)

(b) Reports of the Executive Boards of the United Nations Development Programme/United Nations Population Fund/United Nations Office for Project Services, the United Nations Children's Fund, the United Nations Entity for Gender Equality and the Empowerment of Women, and the World Food Programme (E/2016/34/Rev.1, E/2016/35 and E/2017/36)

Interactive dialogue with the executive heads of the United Nations funds, programmes and specialized agencies

1. **The President** said that the interactive dialogue with the executive heads of the United Nations funds, programmes and specialized agencies would be on the topic "Functions and capacities to improve the United Nations development system's collective support to the implementation of the 2030 Agenda for Sustainable Development".

2. **Ms. Clark** (Chair, United Nations Development Group (UNDG); and Administrator, United Nations Development Programme (UNDP)), panellist, said that the quadrennial comprehensive policy review agreed in December 2016 had affirmed the call by Member States for a strong United Nations development system capable of delivering coherent and integrated support to achieve the Sustainable Development Goals. Through its core functions, identified in the review, UNDG provided countries with integrated, evidence-based policy advice and analysis on the Goals, support for their mainstreaming into national plans and integrated normative support to establish, implement, monitor and report in the context of operational activities for development. Its other services included strengthening the capacities of national institutions and supporting national reporting on the Goals; maximizing the United Nations system's convening role by bringing together stakeholders from different constituencies; leveraging partnerships, knowledge and resources to achieve the Goals; and delivering support at the national and subnational levels in order to help reach the most vulnerable people.

3. In order for the United Nations development system to bring its collective capacities to bear in coherent, efficient and effective ways, development actors must first be well linked to the Organization's humanitarian, human rights and peacebuilding actors through a system-wide approach that responded effectively to country needs and maximized synergies across the pillars. Second, policy, programme and operational capacities could be better organized, with business models that incentivized collaboration instead of separation. Third, committed United Nations leadership, with requisite authority at the country level and an adequately resourced resident coordinator system, was critical. Fourth, UNDG must become better at ensuring that the expertise accumulated at the global and regional levels fed into the work done at the country level, and vice versa.

4. The United Nations development system had coalesced around improved standard operating procedures for delivering together and a coherent approach to implementing the Goals, namely, the mainstreaming, acceleration and policy support strategy. In line with that strategy, some 40 missions would be dispatched to countries in support of efforts to incorporate mainstreaming and acceleration of the Goals into national plans and budgets. UNDG was also supplying guidance to United Nations country teams in their efforts to support national achievement of the Goals.

5. At the global level, UNDP and the Department of Economic and Social Affairs were providing technical assistance to almost 30 programme countries preparing to present their voluntary national reviews to the high-level political forum on sustainable development in July.

6. The integrated nature of the 2030 Agenda would require more sustainable and predictable financing and funding. To that end, UNDG was exploring a range of financing options and had reached an agreement on setting up a joint fund for the 2030 Agenda to enable country teams to provide the integrated policy support that countries were requesting.

7. Under the quadrennial comprehensive policy review, the various entities within the United Nations development system were requested to step up and integrate collaboration within their respective strategic plans for the implementation of the 2030 Agenda. In that regard, UNDP was closely coordinating with the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) as UNDP developed its new strategic plan. The four agencies were firming up proposals on, inter alia, including in each strategic plan a specific chapter outlining a

common approach to implementing the 2030 Agenda, in accordance with each agency's mandate; further harmonizing and streamlining the design of results frameworks and reporting; having a common position on how best to link results to resources; and promoting a coherent and complementary approach to women's empowerment and gender equality.

8. As the host and manager of the resident coordinator system, UNDP was committed to strengthening and enhancing the system's effectiveness, which was crucial to ensuring a well-coordinated United Nations in-country response. Doing so would require more financial support from Member States, as UNDP continued to pay the bulk of the resident coordinator system's costs, while some agencies paid only part of their share and the 19 Secretariat entities did not pay at all. Securing Member State support in every governing body and in the Fifth Committee of the General Assembly for full compliance with financial responsibilities towards the system was therefore vital.

9. **Mr. Lake** (Executive Director, United Nations Children's Fund (UNICEF)), panellist, said that the quadrennial comprehensive policy review had reminded Member States, civil society, donors and the business community within and beyond the United Nations that a collaborative effort would be required to achieve the Sustainable Development Goals and thereby turn the promises set out in the 2030 Agenda into tangible results. The United Nations must therefore focus more on delivery and people and less on process and bureaucracy.

10. UNICEF fully supported implementing the mandate of the policy review and reforms to improve the coordination and efficiency of the United Nations. To that end, UNICEF had conceived its forthcoming four-year strategic plan around results that would support the achievement of the Goals in five areas pertaining to children, namely, survival and flourishing, education, protection from violence and exploitation, safe and clean environment, and equal opportunities in life. An integrated "results and resources" framework would enable UNICEF to estimate the amount of funding needed to achieve particular results. The Fund was also working closely with sister agencies to coordinate strategic plans and link their resources and programming to the 2030 Agenda, making the most of comparative advantages while eliminating redundancies.

11. In line with the commitment in the policy review to collaboration, UNICEF would continue to deepen its work within United Nations country teams around the world. The standard operating procedures had shown that United Nations agencies could work more closely together, and with Governments and other partners, on similar processes to achieve results. Results groups, one third of which were convened by UNICEF, were increasingly bringing together agencies' respective expertise and programmatic strengths. In Guyana, for example, the Fund, alongside UNFPA and UN-Women, had advocated for that country's new Sexual Offences Act.

12. There was also an opportunity to broaden the results groups to include the Fund's many non-United Nations partners. The work done by those groups should be enhanced by redoubling efforts to plan, programme, monitor and report for results; a pilot initiative in which the United Nations system would conduct joint risk analysis, needs assessments and practical responses could constitute a step in that direction.

13. Collaboration could also save precious financial resources, as evidenced by the savings of nearly $3 million reported by UNICEF country offices as a result of sharing business costs with other agencies. Coordinating its fleet of vehicles with two other agencies could yield additional annual savings of up to $4 million for the Fund alone, while increasing the safety and security of its personnel. In the interest of increased operational efficiency, UNICEF had invested in a new global shared services centre in Budapest to process all its financial and administrative transactions. In addition, UNICEF was reforming its human resources practices to improve recruitment, talent management and performance evaluation, and a new field results group would enable it to align resources in the field.

14. As a result of those measures and the introduction of targeted procurement strategies into supply functions, UNICEF and its governmental and United Nations partners had saved approximately $1.5 billion over the previous five years. Ultimately, the Fund's manifold efforts had a single overarching objective, namely, to deliver results to the millions of children and their families left behind in the march of progress, thereby healing divisions and helping to achieve peace. Improving the lives of children was the best pathway to a more peaceful world. Peace itself was measured not only in diplomatic agreements but in people's ability, in the aftermath of a peace process, to access health care, nutrition, education and protection.

15. **Mr. Osotimehin** (Executive Director, United Nations Population Fund (UNFPA)), panellist, said that UNFPA was committed to supporting Member States in

achieving the Sustainable Development Goals, in line with the quadrennial comprehensive policy review, which guided the development of a new generation of strategic plans geared towards enhancing system-wide coherence. The multidimensional nature of poverty required a repositioning of the United Nations system in order to provide differentiated support for national implementation efforts. Within that system, UNFPA had pioneered a differentiated approach to programming in its business model, which accounted for a set of characteristics. Moving forward, the Fund would continue to modify the model, equipping it to reach those furthest behind, especially marginalized women and adolescent girls, and making it more demand-driven and better equipped to support countries in achieving the Goals within the framework of sovereignty.

16. Young people must be embraced as full partners in order to guarantee effective action across the development, humanitarian, human rights and peace nexus. Several recently adopted global agendas, resolutions and agreements had been informed by the logic of investing in and empowering youth; in particular, the 2030 Agenda had been shaped significantly by input from young people, specifically cited them as critical agents of change and made them a priority across all 17 Goals.

17. UNFPA was working with 28 African countries to help them build their development agenda around the demographic dividend and encourage them to invest more in young people. At the recent World Humanitarian Summit, UNFPA had convened the Compact for Young People in Humanitarian Action, together with the International Federation of Red Cross and Red Crescent Societies and other humanitarian partners. Moreover, the global study on youth, peace and security that UNFPA was drafting in conjunction with the Peacebuilding Support Office also capitalized on the contribution of young people to building resilience, sustainability and peaceful societies.

18. The trillions of dollars required to achieve the Sustainable Development Goals could only be harnessed by a full commitment to liberate both domestic and international resources, seeking public and private financing from a wide range of sources. The necessary shift from existing development financing and strategic partnership practice would require the United Nations system to adapt corporate practices and capacities to attract the level of funding needed from a broad base of donors, commensurate with the resource requirements of agencies' respective strategic plans. Appropriate innovative and blended financing mobility must be tapped into, beyond traditional official development assistance (ODA) flows. Perhaps more importantly, the system needed to retool and assert itself as a partner supporting Member States in leveraging resources to finance the 2030 Agenda. In order to achieve sustainable development, traditional grant funding must be used in an effective manner that freed up additional resources within a coherent and integrated financing framework.

19. To that end, a clear and thorough understanding of financing flows would be required, as would partnerships with Governments, development banks, financial institutions, high-net-worth individuals and other actors to harness their respective skill sets and mandates for financing sustainable development. There must also be a shift in the organizational, cultural and business models to facilitate investment and informed risk-taking in emerging streams of development financing. Pooling resources and innovation between United Nations system entities and other partners was critical for continuing relevance and competitiveness.

20. Ensuring the availability of accurate data and enhancing data systems would be crucial to upholding the imperative to leave no one behind, given that vulnerable individuals must be identified as such. An improved understanding of subnational variations and inequalities in health, education, wealth and access to informational resources would be essential so that all people were able to assert their rights and participate in development. A true data revolution would draw on existing and new sources of data to fully integrate statistics into decision-making, promote open access to and use of data, drive investments in people and ensure data privacy. Harnessing the potential of data for the public good would require new partnerships and commitments.

21. In 2016, UNFPA had made important progress towards engaging with strategic partners by putting in place a strategy which clearly outlined how new non-traditional partners could support the Sustainable Development Goals. The current strategic framework examined the global, regional and country-level situations and guided UNFPA efforts to tap into the potential offered by partnerships, in coordination with other United Nations agencies. Those initiatives would add value to the Fund's work of delivering integrated sexual reproductive health services for women and youth and creating tangible solutions to support the Goals.

22. As an organization with a broad country presence and extensive experience in multilateral affairs, UNFPA was well positioned to foster South-South and triangular cooperation in support of country efforts to

achieve the Goals and the Programme of Action of the International Conference on Population and Development. Its actions to that end included identifying solution providers, fostering regional hubs and establishing academic online training.

23. The equity and poverty eradication that the Sustainable Development Goals envisaged must be based on quality data in order to ensure access to health and education throughout the life cycle, the development of the young and the achievement of a demographic dividend in countries where that was a possibility. UNFPA would continue to work with other United Nations agencies and all partners to facilitate the achievement of those aims.

24. **Mr. Abdulla** (Deputy Executive Director, World Food Programme (WFP)), panellist, said that WFP was committed to defeating famine and supporting peace and conflict prevention to ensure that populations had access to adequate nutritious food. The Programme was working to respond to the current famine in South Sudan and looming famine in Nigeria, Somalia and Yemen, which threatened 20 million people. Conflict was a major factor in all of those crises. There were also significant continuing needs in Africa and the Middle East, where there were still large numbers of refugees and displaced persons. Achieving the Sustainable Development Goals would require a massive, coordinated and integrated humanitarian and development effort.

25. In November 2016, WFP had adopted an integrated road map to build a better future for those who were furthest behind and to place humanitarian assistance within the context of broader development initiatives. The road map included a strategic plan for 2017-2021, a new policy on country strategic plans, a revised budget structure, a revamped financial framework and a new corporate results framework.

26. The new system devised would enhance the Programme's contribution to action related to the food security and nutrition priorities of Governments, promote the efficient allocation of resources and support effective and innovative partnerships at the national, regional and global levels. WFP would move away from a project-based approach to a system of multi-year comprehensive strategic plans that took into account the nexus between humanitarian assistance, development and peace. The current strategic plan focused on Sustainable Development Goals 2 and 17, which covered hunger and partnerships, but would also contribute to the achievement of many of the other Goals, since they were universal, interlinked and indivisible.

27. No single agency, organization or Government could eradicate hunger alone. In accordance with its corporate partnership strategy for 2014-2017, the Programme systematically aligned and integrated its activities with the actions and investments of Governments, other United Nations agencies and private sector and civil society stakeholders, which together could generate the systemic changes required for sustainable development.

28. WFP had established a result-based management framework to track its progress on the implementation of the recommendations of the 2016 quadrennial comprehensive policy review. It had achieved 79 per cent compliance with the priority indicators resulting from the 2012 review and remained committed to achieving full compliance. It was working with the other UNDG members to establish increased coherence and integrated programming approaches, cost-effective and collaborative models of field presence and joint strategies at headquarters in order to better support country teams.

29. One of the commitments made in the context of the 2012 quadrennial comprehensive policy review that had yet to be fulfilled concerned women's empowerment and gender equality, since gender inequality was both a cause and an effect of poverty and hunger. To systematically tackle the problem, WFP had launched a gender transformation programme in 2016 and was accelerating its initiative to mainstream gender issues across all policies, programmes and operations at the country-office level. It had met or exceeded 14 of the 15 indicators associated with the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women and was working to meet the remaining indicator, on gender parity in staffing.

30. In the face of resource constraints and unprecedented levels of need, it was essential for the entities comprising the United Nations development system to build on their core strengths, streamline their business processes and exercise discipline in their use of resources. The Programme would continue to improve the efficiency and transparency of its work and strive to fulfil its commitments under the 2030 Agenda. Alongside its partners, WFP would pursue the ultimate goal of eradicating hunger and do its utmost to seize the once-in-a-generation opportunity to deliver a better future for all of humanity.

31. **Mr. Glemarec** (Deputy Executive Director, United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)), panellist, accompanying his remarks with a digital slide

presentation, said that the combination of the 2016 quadrennial comprehensive policy review, the agency-specific strategic plans soon to be adopted and the United Nations Development Assistance Framework (UNDAF) guidance recently adopted by UNDG provided an opportunity to ensure that the United Nations development system could support Member States in the implementation of the 2030 Agenda in a coordinated, coherent, efficient and effective manner. In line with General Assembly resolution 71/243 on the quadrennial comprehensive policy review, which stressed that the United Nations development system must be able to enhance the coordination, coherence, effectiveness and efficiency of operational activities for development, the funds and programmes had established an inter-agency working group to ensure a common understanding of the key priorities and a harmonized approach to the development of integrated results and resources frameworks, which would include common indicators on gender equality and women's empowerment.

32. The new UNDAF guidance, which aimed to facilitate the implementation of the policy review resolution, identified four core programming principles: leave no one behind; human rights, gender equality and women's empowerment; sustainability and resilience; and accountability. Thus, the results chain currently linked the resolution in question to UNDAF, which was in turn linked to coherent and coordinated agency-specific country programming. The results chain should eventually extend to the performance plan of every United Nations staff member. If that unprecedented level of linkage were achieved, diversity would become a major collaborative advantage enabling the United Nations system to meet the unique needs of each Member State.

33. The strong focus on gender in the aforementioned resolution, the forthcoming agency-specific strategic plans and the UNDAF guidance presented an unprecedented opportunity to focus on the issue of gender equality as both a fundamental right and a means of accelerating sustainable development. At the current rate of progress, the Sustainable Development Goals would not be achieved by 2030: it would take 50 years to achieve political parity, universal upper secondary education would not be achieved until 2084 and women would not receive equal pay until 2220. However, the Millennium Development Goal process had demonstrated that trends could be broken. One of the best ways to do that was to promote gender equality and women's empowerment. For example, current efforts to close the gender gap in access to finance, land, information and markets in a number of sub-Saharan countries could increase the productivity of the women farmers concerned by 25 per cent, which would contribute to the achievement of 11 Sustainable Development Goals.

34. The first United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women had been a resounding success: 60 per cent of reporting agencies now met or exceeded the 15 performance indicators, compared with 21 per cent in 2012. To promote further progress, UN-Women was developing a new Action Plan and updating the gender equality scorecard used by country teams. There was evidence that the efforts of UN-Women were having positive results: 90 per cent of the 27 UNDAFs launched in 2016 included a component on gender equality and women's empowerment, and 29 per cent of joint programmes included a focus on gender equality.

35. With regard to the call in General Assembly resolution 71/243 for better coordination between development, humanitarian assistance and peacebuilding efforts, UN-Women was working with its partners to update the gender policy of the Inter-Agency Standing Committee in order to reduce the likelihood of crises, increase the effectiveness of responses and accelerate socioeconomic recovery.

36. It was essential to ensure that the United Nations development system was funded appropriately. The amount spent on operational activities for development in 2015 was $26.7 billion, or approximately 0.5-1 per cent of the annual cost of implementing the 2030 Agenda, which was estimated to be between $2.5 trillion and $5 trillion. To best support Member States in their implementation of the 2030 Agenda, the United Nations development system must move away from project-based funding mechanisms and instead invest its available resources in such a way as to influence larger public and private financial flows. That would require funding to be timely, flexible and predictable. General Assembly resolution 71/243 would be a powerful tool for achieving that aim, as in it Member States recognized that core resources were the bedrock of United Nations operational activities for development and that high-quality non-core resources must also be provided.

37. In any financial flow there were incentives for either competition or collaboration. For the resident coordinator system to be effective, collective funding mechanisms should represent 15-20 per cent of the available funding so that the resident coordinator could offer incentives for collective action. However, such a situation currently existed in only 16 per cent of

programme countries. Shared service centres were also a good way to improve efficiency, as they made it possible to leverage economies of scale in procurement processes. Rapid progress was being made on those issues, and collective action could result in the establishment of an entirely new system, based on transparency, efficiency and accountability, within a few years.

38. **Mr. Vines** (Deputy Director-General, International Labour Organization (ILO)) said that ILO and its tripartite constituents — its member States, employers' organizations and workers' organizations — agreed that anchoring the 2030 Agenda in the international standards established by the United Nations system would be key to ensuring coherence and integrated approaches at the global and national levels. His organization intended to use its country programmes on decent work as a vehicle for the implementation of the 2030 Agenda, as the Sustainable Development Goals reflected the four key elements of the ILO Decent Work Agenda: employment creation, social protection, core labour rights and social dialogue. Those programmes had been agreed to and designed by Governments, employers' organizations and workers' organizations, which gave ILO an entry point for developing joint programmes with its constituents and United Nations entities.

39. The comparative advantages of ILO included its capacity to reach diverse stakeholders at the global, regional and country levels and its vast range of specialized expertise. The challenge lay in determining how to harness that potential and provide integrated policy advice. The new UNDAF guidance and the mainstreaming, acceleration and policy support strategy were good first steps in that direction at the country level. ILO was also leading or participating in a number of issue-based multi-stakeholder alliances and partnerships. Other assets that ILO brought to the United Nations development system were its universal normative and supervisory functions in the creation and supervision of international labour standards and its technical and capacity-building expertise in policy areas related to the world of work. The tripartite membership and governance structure of ILO would also be an asset in the pursuit of the revitalized Global Partnership for Sustainable Development called for in the 2030 Agenda.

40. The 2016 ILO resolution on advancing social justice through decent work called for ILO action to effectively assist its member States in planning, implementing and reporting on progress towards the goals and targets of the 2030 Agenda in the areas of partnership and development cooperation strategies; the alignment of ILO country programming with United Nations planning frameworks; capacity-building for ILO tripartite constituents to engage in sustainable development policy-making processes; and the provision of assistance to national statistics offices for the production and analysis of labour-related statistics and the development of Sustainable Development Goal indicators.

41. ILO had taken steps to integrate the Sustainable Development Goals in its programming, planning and budgeting processes, in line with the key requests in General Assembly resolution 71/243 for entities of the United Nations development system to mainstream the Goals in their strategic planning at all levels and to strengthen results-based management. The organization's strategic policy framework for 2018-2021 and its proposed 2018-2019 programme and budget explicitly referred to the ILO contribution to the implementation of the 2030 Agenda, and the proposed programme and budget identified the principal Sustainable Development Goal targets to which each of its 10 policy outcomes would contribute and the indicators that would be used to help member States measure and monitor their progress. Moreover, environmental sustainability had, for the first time, been included as a cross-cutting policy element.

42. Those actions would be supported by a major reform of ILO processes. While in general there should be more focus on delivery, there was still a need to fix broken processes. Over the last two years ILO had reallocated around 12 per cent of funds from back-office work to direct service delivery, and the organization would continue its work in that direction. As a specialized agency, ILO had to seek the guidance of its governing body on the implementation of General Assembly resolution 71/243. The governing body would discuss the resolution and its implications at its session in March 2017.

43. ILO supported and funded the resident coordinator system, which played a critical role in collaboration and coordination among agencies. Resident coordinators should be able to leverage the expertise of resident and non-resident agencies to contribute to the shared results of the United Nations development system and empower the collective leadership of United Nations country teams. Resident coordinators must receive appropriate funding in order to fulfil their functions. ILO would continue to increase its participation in the implementation of standard operating procedures, taking into account its mandate and its assessment of the cost effectiveness of such procedures.

44. **Mr. Zambrano** (Observer for Ecuador), speaking on behalf of the Group of 77 and China, said that the Group expected the system-wide outline of present functions and existing capacities of all United Nations entities carrying out operational activities for development in support of the implementation of the 2030 Agenda, requested in General Assembly resolution 71/243, to clearly demonstrate the contribution of each entity to the 2030 Agenda. Current gaps must be identified in order to ensure that the system could be made ready to support implementation by Member States. Such support should consist of building relevant expertise and making it available to Member States, at their request and in a manner that was in line with their national priorities and gave them national ownership.

45. Not all overlaps were bad; some might be necessary when undertaking joint efforts. In such cases, the outline of functions and capacities would provide a basis for the effective division of labour. In that connection, the resident coordinator system should be strengthened in order to enhance coherence and coordination within the United Nations development system.

46. It was important to avoid expanding the scope of the outline to issues beyond those envisaged in the resolution, which did not request that the outline should be carried out at all levels. In particular, country presence models should not be considered, as they varied between entities as a result of their particular mandates and business models and should remain flexible in order to best address country needs and priorities. Similarly, the outline should not cover funding matters. The process of developing the outline should be as objective, simple and clear as possible. It should set out the comparative advantages and mandates of entities while refraining from listing their functions and capacities in a rigid manner that could jeopardize the required programming flexibility at the country level.

47. The strategic plans of development system entities should be drawn up in a transparent and inclusive manner and disseminated in a timely fashion. The plans should be aligned with the 2030 Agenda and cover the full range of policy orientations established through the quadrennial comprehensive policy review process, including poverty eradication, capacity-building, South-South cooperation and national ownership. Furthermore, they must not contain assumptions concerning the outcome of the consideration by Member States of the upcoming reports of the Secretary-General.

48. **Ms. Pellegrom** (Observer for the Netherlands) said that it was important to reduce fragmentation within the United Nations development system by ensuring that the resident coordinator system was strong and properly financed, implementing the "Delivering as one" approach and establishing a common vision and approach to development. Her delegation welcomed the coordinated and consultative approach that had been taken by the relevant funds and programmes in the development of their strategic plans and hoped that such a model would be used in their dealings with Member States.

49. The United Nations development system should continue to operationalize linkages between development, humanitarian and peacebuilding efforts, which could be translated into effective synergies and real results on the ground. The progress that had been made with regard to partnerships had great potential to contribute to the implementation of the inclusive 2030 Agenda and the United Nations development system should maximize that potential by adopting an inclusive country-level approach involving all stakeholders. The process should include developing the capacities of staff to help countries seek out effective partnerships.

50. **Mr. Egli** (Observer for Switzerland) said that the panellists had failed to mention the gaps and overlaps within the system that had led to the General Assembly's calls in resolution 71/243 for a new operational model. He asked what areas had been identified as requiring increased collaboration and how the remaining recommendations of the quadrennial comprehensive policy review, such as the implementation of standard operating procedures, would be addressed.

51. **Ms. Zahir** (Observer for Maldives), speaking on behalf of the Alliance of Small Island States, said that small States rarely had the opportunity to sit on the boards of United Nations entities. There should be a place at the table for everyone and more effective coordination was needed. For small island developing States and other vulnerable groups, it was important for agencies to take into account their specific challenges when formulating strategic plans. There should be no one-size-fits-all approach. The operation on the ground was important, as was a well-coordinated United Nations team. "Delivering as one" did not prevent the United Nations from delivering more effectively. There was therefore a need for closer work with resident coordinators. The resident coordinator system should be revisited in order to ensure a better fit with the priorities of programme countries. Funds should be pooled more frequently and

technological advances should be used as cost-saving mechanisms.

52. **Ms. Moleko** (South Africa) asked how to ensure that non-resident agencies worked collaboratively with United Nations country teams in order to enhance the effectiveness of the resident coordinator system. The current model, which presented a challenge both to UNDG and to Member States, clearly did not work.

53. **Mr. Shearman** (United Kingdom) said that the commitment to reorientation and transformation to support the Sustainable Development Goals was welcome. It was a crucial moment for the United Nations humanitarian system. Transparency, partnerships, country-level delivery and better targeting of resources were also important. The United Nations system could not do everything everywhere, meaning that a more diversified approach was needed, with greater coordination within the United Nations system. Accordingly, comprehensive disaggregated data were needed across the system for the United Nations to monitor progress and determine where resources should be targeted. It would be helpful to know how the system could be changed to play a more useful supporting role and how the situation would look different on the ground as a result.

54. **Ms. Fladby** (Norway) said that a coordinated approach was needed, including a research framework; otherwise it would be difficult to report systematically on the quadrennial comprehensive policy review. The ongoing pilot of cost-saving efforts could make a huge difference if it was scaled up. It would be interesting to hear from the executive heads on the subject of their major challenges, how they could be handled and what impact negative situations could have. The resident coordinator's office was not usually sufficiently resourced to carry out strategic planning and implement priorities.

55. **Ms. Clark** (Chair, United Nations Development Group (UNDG); and Administrator, United Nations Development Programme (UNDP)) said that the functions and capacities review would help to analyse current thinking and identify real or apparent overlaps. Some entities had normative capacities while others had implementation capacities. One example was UNDP, which had no normative function in the area of human rights but was supporting and advising agencies and country teams under the universal periodic review. What might look like an overlap could well be a functional division.

56. It was important to identify where the implementation capacities and synergies were. Serious overlaps would need to be addressed but the functions and capacities review should lead to a more coherent system. UNDG would support that process and provide information and analysis when required. The aim should be to share analyses, plan jointly and focus on the way forward, which involved, inter alia, maximizing good system-wide processes, such as the standard operating procedures; adopting a joined-up approach to the Sustainable Development Goals; implementing the mainstreaming, acceleration and policy support strategy and business operation strategies; promoting the new country-level UNDAFs aimed at a few high-impact outcome areas; and using joint financing mechanisms, where appropriate, to supplement individual agency fundraising.

57. At the country level, greater use could be made of the resident coordinator as the representative of smaller entities, with agencies focusing on technical capacity and advice. Transaction-heavy and scattered projects in country teams needed to be wrapped up and replaced by integrated service centres, common business practices and common services.

58. There was no particular issue to be addressed with respect to non-resident agencies, since they participated in UNDAFs. Such agencies were welcome to rely on the resident coordinator as their representative in that process.

59. While a lot of data had been requested on capacity-building, much of it was rather sectoral. In that context, individual agencies had a large amount of capacity. However, given the integrated nature of the Sustainable Development Goals, perhaps more could be done to bring together relevant data sets.

60. The major challenges faced by executive heads often related to volatility, unpredictability and emergencies. There was therefore a need to build resilience, flexibility and nimbleness. Representatives should be replaced where necessary and proactive capacity-building was needed fast. Core funding was not what it had once been but systems needed to adapt so as to remain strong.

61. **Mr. Lake** (Executive Director, United Nations Children's Fund (UNICEF)) said that the United Nations itself and its values had never been viewed with more scepticism than at present. The Organization therefore needed to improve its processes and results. Processes should be judged by their results and not seen as ends in themselves. The mapping exercise for the examination of process efficiency by the Secretary-General should be conducted as soon as possible and should focus on comparative advantages and redundancies.

62. At the country level, there was a need for flexibility and to avoid a one-size-fits-all approach. Results should first be analysed; then processes should be built around them. There had already been progress with the standard operating procedures. Joint risk analyses, needs assessments and practical responses were also needed, possibly through initial pilot programmes.

63. Money had already been saved through joint back-office functions and collaborations in the area of business processes, which were justified provided that they actually saved money and increased efficiency. Joint financing mechanisms also needed to be pursued; similarly, they were not ends in themselves but rather a useful way to increase resources that could be used to underwrite joint actions.

64. Disaggregated data were needed in the quadrennial comprehensive policy review to ensure equity and the principle of leaving no one behind. The Millennium Development Goals had been adversely affected by the tyranny of averages. Disaggregated data would make it possible to ensure equity within and among nations. The focus should be on the results of reforms rather than on the reforms themselves. Transformative changes were possible in the months ahead.

65. **Mr. Abdulla** (Deputy Executive Director, World Food Programme (WFP)) said that the strategic priorities for 2017 would include looking for specific outputs, which included delivering coherent advocacy and communication messages system-wide, with a particular focus on gender equality and empowerment. Another priority was to advance sustainable development by strengthening linkages with human rights, humanitarian action and sustaining peace. A third area was to better leverage United Nations development system resources to achieve greater impact through leadership, strategic financing and business innovations.

66. **Mr. Osotimehin** (Executive Director, United Nations Population Fund (UNFPA)) said that different organizations had different data and they needed to be brought together. For example, countries needed help to conduct censuses, possibly in conjunction with mobile telephone companies and search engines in order to obtain real-time information to support planning. The United Nations could be the convenor for that process by assisting country programmes to set up robust data programmes.

67. Lessons were still being learned from the Millennium Development Goals. With the Sustainable Development Goals, countries needed institutions and systems to build capacity. Data served no function unless disaggregated by age, geography, gender, affected population sectors and other factors. Furthermore, data conferred on each individual the legal status of belonging to a country. If people were not in a database it was impossible to make plans for their education and health care. Migrants and refugees often lost out because nobody knew they existed.

68. One challenge was to convey the fact that development could not take place without human rights. The Sustainable Development Goals recognized that everyone had rights and that human rights were indivisible. It was not acceptable to separate economic and social rights. The question was how to overcome the challenges that were obstructing the human rights agenda.

69. Another challenge was to recognize that core resources enabled institutions to be nimble and innovative, and that predictable funding was needed for proper planning. However, UNFPA and other entities currently had more non-core resources than core resources. Donors and Member States should therefore devote more money to core resources without diminishing accountability.

70. **Ms. Oliveira Sobota** (Brazil) said that the outline of the functions of the entities of the United Nations development system should be simple and true to its purpose, which was to define their contributions to the Sustainable Development Goals. Overlaps and gaps in the different entities' work were not necessarily problematic; for instance, gaps might be explained by the fact that certain work was the responsibility of Member States and did not fall under a United Nations system mandate. Since Member States could not realistically be expected to analyse the different strategic plans of each entity, the provision of a clear outline by the United Nations system was necessary to make their calculations viable. Functions should be established with reference to General Assembly resolution 71/243 on the quadrennial comprehensive policy review. The United Nations development system should also use the upcoming multi-stakeholder forum on science, technology and innovation for the Sustainable Development Goals, and specifically the Technology Facilitation Mechanism, to leverage science and technology in support of the Goals.

71. The outline should not be a straightjacket that would guide United Nations development system activities at the country level rigidly. Instead it should allow for flexibility, reflecting the fact that the line between normative and operational work was often indistinct, as agencies' normative work frequently

expanded into policy support work. Harmonization of approaches should also take into account the different business models that fitted the mandates of United Nations agencies. In addition, country ownership was key; the United Nations development system should not impose its programme on countries but rather take a supporting role, providing expertise on request. The opposition between normative and operational work was somewhat abstract: normative aspects were necessarily taken into consideration in operational work. As such, there should not be a heavy emphasis on the distinction; it should be used simply to help agencies define the kind of support they could offer to Member States in order to increase the effectiveness of collaboration.

72. **Ms. Clifford** (Australia) said that it was important to consider the future of the Council's operational activities segment, and specifically its future work on transparency, the linkage between results and financing, and the resident coordinator system. She asked what role UNDG and transparency should play in relation to United Nations country teams in order to better comprehend what was happening across the system. She wondered how meetings such as the current one could be used to increase Member States' accountability and build on work being done in the field. In view of the role of the United Nations to promote sustainability to achieve the Sustainable Development Goals, she also wished to know how its funds and programmes, with the support of partnerships, were planning on scaling up relevant actions and leveraging partnerships.

73. **Mr. Denys** (Belgium) requested the executive heads of the funds and programmes to elaborate on what further actions were needed at headquarters level to allow the system to better deliver as one in the field, a topic which had been given short shrift in the discussion.

74. **Mr. Won** Doyeon (Republic of Korea) said that coordination and collaboration among United Nations entities was indeed important, but the United Nations development system should also intensify its collaboration with external stakeholders. In view of the recognition in the quadrennial comprehensive policy review of the importance of partnerships, and in particular the recommendation that United Nations entities should share such experiences, he wondered what efforts were being made to capture partnerships in strategic plans and specifically whether there were ongoing efforts to share best practices and knowledge.

75. **Mr. Palma Cerna** (Honduras) highlighted the importance of the differentiated approach of UNFPA and said that, through the 2030 Agenda and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, Member States had requested the United Nations development system to establish new mechanisms for measuring development that went beyond the criterion of income. The current process of elaborating strategic plans for funds and programmes, which should be coherent and harmonized, was an opportunity to respond to that mandate. New systems for measuring poverty and development were of particular interest to middle-income countries like Honduras, which continued to face challenges — largely as a consequence of climate change — that exceeded their capacity.

76. He asked whether the harmonization of approaches, terminology and structure applied to specialized agencies as well as funds and programmes, and how UNDG was helping specialized agencies to align their programmes with the quadrennial comprehensive policy review.

77. **Ms. Clark** (Chair, United Nations Development Group (UNDG); and Administrator, United Nations Development Programme (UNDP)) said that development work needed to be tailored to individual countries and that the guidance for country-level work must therefore not be too prescriptive.

78. With regard to the provision of country-level information and accountability for country work, as of mid-2017, a new, publicly accessible United Nations information portal would provide individualized information on the work of every United Nations country team, including what work was being done, how much was being spent, which agencies were active in each country and what results had been achieved. With regard to scale and leveraging, ODA should support countries to leverage other funding. It could play a significant role in a range of ways and should be viewed as a catalyst. Agency-funded programmes could be used to demonstrate ways of leveraging funding to Governments; for instance, ODA could be used to develop policy frameworks for renewable energy, which would spur further investment.

79. UNDG had consistently identified actions to be taken at headquarters level for full implementation of the standard operating procedures and had actively monitored the relevant action plan. Necessary actions included building the capacity to have common audits and evaluations; all United Nations entities joining the International Aid Transparency Initiative; the High-level Committee on Management examining the specialized agencies' human resource standards to enable more system-wide mobility; and ensuring that

agencies actually implemented each other's best business practices and country teams fully implemented their business operations strategies.

80. With regard to a common approach to strategic plans, the core funds and programmes were developing a common chapter, which would contain the main principles underpinning collaboration and support to countries to achieve the Sustainable Development Goals, as well as a commitment to some key transformative actions. Areas for alignment across strategic plans could include shared approaches to developing results frameworks and to the linkages made between results and resources, and a common focus on gender equality; the plans should reflect areas where joint programming was possible and incorporate substantive common indicators.

81. Although not bound by decisions of the General Assembly, the specialized agencies tended to join UNDG consensuses regarding the harmonization of approaches.

82. **Mr. Glemarec** (Deputy Executive Director, United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)) said that the quadrennial comprehensive policy review did not provide sufficiently detailed guidance on the comprehensive alignment of funds and programmes' strategic plans, UNDAFs and agency-specific country programmes. Therefore the creation of a coherent, strategic aligned plan, and its subsequent translation into the contexts of 150 separate UNDAFs, were principal challenges for the years ahead. However, the new UNDAF guidance provided the material necessary to make that plan possible.

83. The new UNDAF guidance ensured that the United Nations system would be working as one from the outset because the initial analysis part of the programming cycle incorporated humanitarian, peace and security and development efforts; in addition, there was a substantive common country assessment of work across all pillars. The new guidance responded to the mandate given by the Joint Inspection Unit, which had requested the United Nations system to follow a clear theory of change, linking the activities it supported to specific outcomes and prioritizing national development goals. The theory of change approach was also an excellent collaborative tool: it provided for a comprehensive outlook, meaning that those best placed to address issues could be identified and duplication of effort avoided. The theory of change would not only be a powerful means of enabling the United Nations system entities to work together, but would also offer a framework for the participation of all those with a role to play in achieving the 2030 Agenda — including Governments, the private sector and civil society. Successful strategic alignment would allow the United Nations system to make a significant contribution to the achievement of the 2030 Agenda.

84. Core resources, which enabled strict alignment of financing with approved strategies, were dwindling rapidly: in 2000 they had accounted for 47 per cent of total resources but currently comprised only 29 per cent. To meet the challenge of aligning finance to strategy, a critical mass of core resources and high quality non-core resources was required. Transparency was essential to the alignment process; the Multi-Partner Trust Fund Office, which was setting up a global pooled funding mechanism and made all information available online in real time, was exemplary in that regard. The United Nations entities were also taking the structural dialogue on financing very seriously.

85. Regarding the distinction between normative work and operational work, at least two United Nations definitions of the former existed: one limited normative work to intergovernmental processes, whilst the other included policy development and country-level implementation. It was indeed difficult to neatly separate the two types of work, which were innately connected, and every specialized agency had stakes in both. However, the UN-Women midterm review had concluded that being able to integrate such composite mandates was an asset.

86. **Mr. Vines** (Deputy Director-General, International Labour Organization (ILO)) said that the issue of normative versus policy processes was a critical one for ILO, which sought to draw the two areas of work together. ILO had recently written, jointly with UNDP, to all resident coordinators to provide them with tools and guidance on the application of the norms contained in its Social Protection Floors Recommendation, 2012 (No. 202). Concentrating on connectivity between standards and policy was of more value than trying to overly differentiate between them.

87. ILO considered it important to have a wide range of partners, but also to pursue partnerships with diverse purposes. Knowledge-based partnerships, with academia for instance, were crucial in informing the policy work of ILO and of the United Nations system as a whole. With regard to funding partnerships, ILO was actively trying to work with the private sector, but increasingly private companies were themselves seeking to work with ILO, especially in the areas of supply chains and the garment industry.

88. Although it was true that the specialized agencies were not bound to align their planning with the quadrennial comprehensive policy review, they did so in practice and had strongly endorsed the review through the United Nations System Chief Executives Board for Coordination and their own governing bodies. For its part, ILO had fully aligned its strategic planning cycle with the review cycle.

89. **Mr. Forsyth** (Deputy Executive Director, United Nations Children's Fund (UNICEF)) said that partnerships came into their own at the global and country levels. Country plans were critical in focusing the energy of partnerships, which, to be successful, required clarity regarding expected outcomes. The most successful partnerships globally, such as Scaling Up Nutrition, had clear and practical objectives that clearly defined each actor's role.

90. The goal of leaving no one behind could not be achieved through any single Sustainable Development Goal. However, because most of the challenges had an equity dimension, practical cooperation on a range of issues, underpinned by a focus on equity, might be the key to collaborating more strategically at the national and global levels.

91. **Mr. Osotimehin** (Executive Director, United Nations Population Fund (UNFPA)) said that UNFPA had been following a differentiated, income-based business model for its country work. Its work in high- and middle-income countries focused on advocacy and policy advice, while in low-income countries UNFPA work tended to be comprehensive, including basic aspects such as programming and capacity-building. Based on feedback from countries, however, it was becoming apparent that classification of countries exclusively on the basis of income was not the best approach for leaving no one behind. In the development of its new strategic plan UNFPA was therefore considering alternative approaches. It was open to suggestions regarding approaches that would ensure that its work was inclusive, driven by equity and had a human face.

92. **Mr. Abdulla** (Deputy Executive Director, World Food Programme (WFP)) said that it was important not to think only in terms of headquarters and country teams: the regional development teams and groups also played a significant role, which should be further strengthened, in translating headquarters-level mandates down to the country teams.

93. One of the primary challenges to seamless implementation, actions and planning was that funding and financing were often driven into silos. It was necessary to secure funding that was readily accessible in order for it to be used effectively.

94. **Mr. Lindores** (Former Senior Vice President of the Canadian International Development Agency and former Chair of the UNDP Executive Board), moderator, said that the progress made by the United Nations development system over the last 20 to 30 years in enhancing coherence and coordination had been extraordinary. However, the view had been expressed that the system was fundamentally unable to cope with the challenge of the 2030 Agenda and that bold moves were needed to adapt it to the future. Member States should therefore reflect on whether continuing along the current path of systematic — and significant — progress would take them where they wanted to go in relation to the 2030 Agenda. If not, they would have to consider alternative approaches.

The meeting rose at 5.55 p.m.